

THE CAPITALIST SPIRIT IN THE BUSINESS ELITE IN GUJARAT

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To my mother and father

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Abstract

Almost two decades after India's economic liberalization, scholars found the emergence of a new moral order. This new enterprise culture, or capitalist spirit, entailed the revival of traditional as well the formation of putatively modern values. While this enterprise culture accounted mostly to the emerging middle class in the country, similar changes were observed at the core of industrial capitalism: management styles, which remained unstudied sociologically.

This thesis investigates how the capitalist spirit in the business elite in the Indian state of Gujarat emerges. The purpose of this study is to explain the emergence of asynchronicity in the capitalist spirit. Studying the business elite in a state with a stronghold in business traditions as well as a stark economic liberalization contributes to the above mentioned studies. Based on literature review I argue for the capitalist spirit as capitalist ethos, drawing on Pierre Bourdieu's habitus concept in combination with Boike Rehbein's concept of socioculture, which explains coexisting layers in societies of different socio-historical origins. This research interest was operationalized with the documentary method, conducting qualitative interviews with the top business leaders in Gujarat.

In this study, the capitalist ethos in the business elite in Gujarat emerges in three sociocultures that arose with British colonialism and industrialization (1850-1947), with the restricted economy (1947-1991), and with economic liberalization (1991). The capitalist ethos is differently interpreted in the sociocultures and therefore gains different meaning. I reconstructed the three capitalist ethoi of the Mahajan ethos, the Nehruvian ethos and the Neoliberal ethos, respectively.

Keywords: spirit of capitalism, India, elite, Pierre Bourdieu, globalization

Zusammenfassung

Mehr als zwei Jahrzehnte nach der wirtschaftlichen Liberalisierung Indiens kam es zur Herausbildung einer neuen Kultur des Unternehmergeistes, eines kapitalistischen Geistes. Sie umfasst die Wiederbelebung traditioneller wie auch das Entstehen angeblich moderner Werte. Die Kultur des Unternehmergeistes bezog sich vorwiegend auf die aufstrebende Mittelschicht des Landes. Diese Arbeit erforscht wie der kapitalistische Geist in der Wirtschaftselite im indischen Bundesstaat Gujarat entsteht. Das Ziel der Forschung liegt in der Erklärung von Ungleichzeitigkeit im kapitalistischen Geist. Gujarat bietet sich als Region für eine solche Analyse an, da der Staat sowohl über wirtschaftliche Traditionen verfügt wie auch eine starke wirtschaftliche Öffnung erfährt. Den kapitalistischen Geist fasse ich als kapitalistisches Ethos im Anschluss an Pierre Bourdieus Konzept des Habitus. In Kombination mit Boike Rehbeins Konzept der Soziokultur, welches nebeneinander bestehende Lagen mit unterschiedlichen sozio-historischem Ursprüngen in einer Gesellschaft erklärt, gehe ich der Forschungsfrage nach dem Entstehen des kapitalistischen Geistes nach. Die Forschung wurde mittels der Dokumentarischen Methode mit qualitativen Interviews mit der Wirtschaftselite in Gujarat durchgeführt.

Dem kapitalistischen Ethos in der Wirtschaftselite in Gujarat liegen drei Soziokulturen zugrunde, die mit der Britischen Kolonialzeit und Industrialisierung (1850-1947), mit der Zeit der eingeschränkten Wirtschaft (1947-1991) und mit der wirtschaftlichen Liberalisierung (1991) entstanden. Das kapitalistische Ethos wird in den Soziokulturen verschiedentlich interpretiert.

Ich habe drei kapitalistische Ethoi rekonstruiert: das Mahajan Ethos, das Nehruvianische Ethos und das Neoliberale Ethos.

Schlagwörter: Geist des Kapitalismus, Indien, Elite, Pierre Bourdieu, Globalisierung

Introduction

Almost two decades after India's economic liberalization, the country is one of the economies in the world with the highest GDP growth rates. In the wake of this development, economic success and the expansion of neoliberal capitalism seem to have led to changes in the mindset of ordinary Indians. Recent studies presented the emergence of a new moral order, which had expanded under neoliberalism (Oza, 2006; Shapiro Anjaria & Anjaria, 2013). Dreams and aspirations would sketch this new Indian, who is optimistic, passionate, convinced of possibilities and full of energy to act on these aspirations.

This new enterprise culture, or capitalist spirit, entailed the revival of traditional as well as the formation of putatively modern values (Gooptu, 2009, 2011, 2013a; Shapiro Anjaria & Anjaria, 2013). While this enterprise culture accounted mostly to the emerging middle class in the country, the interpretation and meaning for various social groups and regions are quite diverse, yet hardly studied (Mankekar, 2013). Furthermore, changes were observed at the core of industrial capitalism: management styles. Similarly to the enterprise culture, the formation of traditional along with modern management values was stated (Chatterjee & Heuer, 2006). Whereas successful businessmen received increasing attention in the media (Ahmed, 2008; Herdeck & Piramal, 1985; Hiscock, 2008; Piramal, 1998, 2003, 2010), their changing values and beliefs had not been studied sociologically.

I conceive the capitalist spirit as capitalist ethos. I borrow the theoretical concept of ethos from Pierre Bourdieu referring to the ethical dimensions of the incorporated structures in people. Ethos is pertinent to this study as the concept enables explaining the adaptation of strategies and altered practices in new situations (Bourdieu, 1997 [1977]). The use of the Bourdieuan concept of ethos follows the understanding of spirit in the principal work on the capitalist spirit: Max Weber's *Protestant Ethic* (1992 [1904/5]). Weber himself had defined

the concept of spirit rather vaguely, yet it is clear that the spirit habitualized over the years (Pohlmann & Lim, 2014, p. 5). Habitualization points to the internalized structures in people.

Studying Gujarat is pertinent to studies on the enterprise culture and capitalist spirit in India as it is a state with strong business traditions (Dupont, 1997; Gupta, 1979; Hardiman, 1990; Mehta, 1991; Pearson, 1976) as well as embracing economic liberalization (Shah, 2013; Sud, 2012). Thus, Gujarat provides vital analyses on the mediation of the capitalist spirit through the stronghold of traditions along with the opening to global business.

Problem Formulation and Research Question

So far, only two studies have sought to understand the capitalist spirit in the industrial elite, revolving around the influence of religion and globalization, respectively, on business in South India (Harriss, 2003; Singer, 1972b). However, they could not explain sufficiently the emergence of the alleged binary opposition of tradition and modernity in the capitalist spirit, while precisely this mixed form was stated by the enterprise culture studied by (Gooptu, 2013a).

It thus becomes apparent, that more studies on different social groups and regions are needed to draw a more comprehensive picture. Furthermore, their analyses focused on the enterprise culture in the social sphere. Studying the capitalist spirit, thus emphasizing the economic sphere, enriches these studies further.

I am raising the following research question: **How did the capitalist ethos in the business elite in Gujarat emerge?**

I am studying the business elite in Gujarat to find out how their capitalist spirit emerges. Businessmen are at the core of the business and their values appear to have changed as well, yet sociological studies on the business elite, particularly on their values and beliefs are lacking (Jodhka & Naudet, 2017).

In order to explain asynchronicity I conduct qualitative interviews with business leaders gaining access to their capitalist ethos. In combination with the concept of socioculture I am able to reconstruct socio-historical origins with persisting institutions and practices informing the capitalist ethos.

In this manner, I am able to draw a conclusion on the question on the emergence of the capitalist spirit, particularly its asynchronicity.

The capitalist spirit of Indian business elite has not been studied in recent years. The entrepreneurial culture varies according to social groups. Hence, studying the business elite that clearly differs in its social status and socio-economic background from the much studied Indian middle class, would contribute to such studies. Furthermore, Gujarat as region to study might contribute as it has neither been studied in the enterprise culture nor in the two earlier studies on the capitalist spirit in India.

Scope of Thesis

One might approach the research on the capitalist spirit from various angles. First, there is the notion of the capitalist spirit per se. What is meant by the capitalist spirit and how can it translate into empirical research? Secondly, how to approach the emergence of the simultaneousness of cultural values under global capitalism, of the revival of traditions next to the emergence of putatively modern values? Thirdly, what constitutes the business elite and how to study it? Lastly, how to operate this study empirically including all previous aspects?

Hence, addressing the first questioned posed I present studies and theories on the spirit of capitalism. The two principal works in this field to are Max Weber's PE from the early 20th century (1992 [1904/5]) and the more recent book *The New Spirit of Capitalism* (NSC) by Luc Boltanski and Ève Chiapello (2005). Weber considered a specific rationalization, calculability, and disenchantment to be associated with the emergence of

modern capitalism. While criticism on Weber's thesis as perceiving solely Protestantism to be the cause for modern capitalism might be misleading, there was nonetheless negligence in Weber of the historic embeddedness of this value system (Lüthy, 1964; Trevor-Roper, 2014 [1967]). Particularly problematic was Weber's work on India, which drew criticism as Hinduism was allegedly identified as impeding economic development. In the following decades, several scholars argued about the connection between culture and capitalism in India (Mishra Vikas, 1962; Myrdal, 2008 [1968]; Singer, 1972b; Sovani, 1963; Tilman, 1963).

Boltanski and Chiapello (2005) argued less for the relation between religious values and capitalism, yet focused rather on the role of critique as motor for capitalism. While they transcended the narrow focus on culture and capitalism, they confounded the discourse level with the internalized value and beliefs systems of managers (Hessinger & Pohlmann, 2017).

Weber himself failed to address the concept of the spirit. However, as Weber's spirit habituated (Pohlmann & Lim, 2014, p. 5) over the years, I looked for a concept that could take into account this habituation and further entail the span between morale and economic maxim (Appadurai, 2011). Several scholars were in unison arguing that Weber's spirit might be an ethos (Diaz-Bone, 2012; Ghosh, 2014). Pierre Bourdieu provides the concept of ethos, which refers to the ethical dimension of his famous concept of habitus with the same underlying principles. Bourdieu (1984) had developed an encompassing model of social structure as he had included all socially relevant resources than merely focusing on economic resources. His central concept of habitus refers to structuring "schemes of perception, thought, and action" (1990, p. 54). I make use of the underlying principles of his habitus concept, yet referring to it as ethos, focusing solely on the ethical dimension. Hence, I refer to the capitalist spirit as capitalist ethos.

Using ethos as concept for the capitalist spirit also takes into account the criticism on Weber's neglect of the embeddedness into the wider socio-historical context. As ethos is

generated by the structure and shapes the structure simultaneously and subconsciously, it takes into account the inquiry of the wider context of the capitalist spirit. For the same reasons, ethos enables the analysis of persisting elements, as well as the emergence of new hybrids as it entails incorporated historicity and the formula for generating new practice. Associated concepts provide explanations for the persistence of elements in the capitalist spirit such as the *hysteresis effect* referring to the temporal lag between aspirations and changing opportunities (Bourdieu, 1997 [1977], pp. 78–79), or *social ageing* referring to the adjustment of subjectivity on the objective conditions (Bourdieu, 1984, pp. 110–111).

Thus, I approach the second question of this section I posed: the study of the emergence of traditional along with modern forms in the capitalist spirit. Theories of culture and globalization had taken these new forms into account, putting aside earlier theories of either convergence or divergence in cultural values through globalization, which had been part of the studies of the capitalist spirit in India as well. Approaches such as *hybridization* (Nederveen Pieterse, 1994), *creolization* (Bhabha, 1994; Heuman & Trotman, 2005), or *glocalization* (Robertson, 1995) share the refusal of the notion of culture as essential as well as the origin of the ideal culture in the West. However, culture is perceived to be hybrid without asking how the emergence occurred in practice in societies. Thereby, they neglect the mediation of cultural phenomena within societies through social groups and their strategies. Further, they do not take into account the unequal positions in the global order societies possess (Rehbein, 2007).

Concluding from literature, I consider the fallacies of studies on the capitalist spirit as well as theories on globalization and culture. Opposed to studying literary sources like Weber and Boltanski and Chiapello, I suggest studying the internalized values in the business elite, understood as the capitalist spirit. Boike Rehbein (2007) suggested with his concept of *sociocultures* to overcome the fallacies of neglecting the mediation within societies and

within the global order. The concept of socioculture refers to persisting older layers in societies. Sociocultures, which coexist in each society, entail incoherent versions of social structure and division of work. Persistence for structures is explained by the persistence of corresponding institutions and practices embodied in people, understood as *habitus* or *ethos* in this research. New sociocultures emerge with large-scale transformations that rework the social structure and the division of work.

Thirdly, I make use of a sampling approach borrowed from sociology on elites, following the positional and reputational method from empirical elite research (Hoffmann-Lange, 2007). The positional method has the clear advantage over other approaches that it can be operationalized easily (Mills 1956). One identifies the top leadership positions such as CEO and MD, and relevant institutions in sectors. Hence, I opted for the list by the Economic Times' of 500 Top Companies in India (2013) from which I extracted all companies with headquarters in Gujarat, ranked by their revenue. The disadvantage of the positional method is that not everyone who possesses power can be found in the respective positions chosen (Sharma, 1995). Therefore, I expanded the approach by the reputational approach asking the interviewees for additions on the sample list, which in practice had not added any other company.

Lastly, I address how I operationalized this research. Studying the emergence of the capitalist spirit in Gujarat with a focus on its hybrid character it became clear quite immediately that research should be conducted with a qualitative approach. Qualitative research enables to study social phenomena that are too complex and unknown to be studied quantitatively. I conducted 17 qualitative interviews according to the documentary method (Bohnsack, Nentwig-Gesemann, & Nohl, 2007; Nohl, 2009). The method does not analyze the factual truth of an account, but *how* the practical orientation of the narrator emerges in the account (Bohnsack, Pfaff, & Weller, 2010). The method enables the analysis of tacit

knowledge, in the sense of Bourdieu's habitus and ethos concepts. Thus, the method allows analyzing the ethos easily. Furthermore, the method seeks to gain access to the spaces of experience with their implicit knowledge bases, which I refer to as sociocultures in this work. Hence, the method can explain the emergence of simultaneousness of hybrid traditional and modern elements in the capitalist spirit as it allows reconstructing how topics are dealt with and in which spaces of experience they emerge.

With this analysis I reconstructed three sociocultures that emerged under British colonialism and industrialization (1850-1947), the restricted economy (1947-1991), and economic liberalization (from 1991). They inform what I call the Mahajan ethos, the Nehruvian ethos, and the neoliberal ethos, respectively, which are the three interpretations of the capitalist spirit.

The findings of this study illustrate how the capitalist spirit is interpreted differently in the sociocultures. This research shows that the capitalist ethos emerges within a certain socio-historical context. Secondly, the capitalist spirit entails various interpretations because of persisting institutions and incorporated structures and therefore it bears different meanings for people. These cultural phenomena are all hybrids, bound to the socio-historic context. Hence, there is no dichotomy between tradition and modernity. I will further show how the interpretation of the concepts cause frictions and how the own ethos is felt as congruent with the economic environment despite limitations. Moreover, this research shows how the integration into the global economy reworks the social structure and division of labor with effects on the capitalist spirit.

With this research I can show that all concepts in the capitalist spirit are interpreted differently according to sociocultures. They are embedded into the socio-historical context through institutions and embodied dispositions. There is no traditional as well as no modern

element in the capitalist spirit. They need to be interpreted according to the internalized dispositions and persisting institutions.

Structure of Thesis

In the first chapter, an overview of both empirical and theoretical literature relevant to the thesis' topic will be provided. First, I will present the new enterprise culture and two studies on the capitalist spirit in India. Thereafter, the two fields of studies on the classical work on the capitalist spirit and theories of culture and globalization will be introduced. Their strengths and fallacies will be discussed. Based on this literature trawl, first suggestions will be presented how to make use of these studies for this research.

The second chapter will go further into detail of suggested theoretical concepts central to this research. First, I will discuss Weber's rather vague notion of spirit arguing for using the Bourdieuan concept of ethos. This leads to the following part, in which I present the Bourdieuan Theory of Practice to provide a better understanding of the theoretical framework, which ethos and associated concepts are situated in. Secondly, the other main analytical concept of sociocultures is explained in its usefulness for this research endeavor.

In the third chapter, I present the methodology that is based on the previous literature and theory. First, I will explicate the analytical steps of the documentary method in connection to the theoretical assumptions providing also which modifications I undertook. In the following, I explain the reconstruction of the sociocultures from the empirical material. Afterwards, I introduce the sampling approach from elite research. Briefly, I present the structure of the questionnaire and the way the interviews were conducted. Finally, I reflect upon the use of the method regarding my situatedness.

In the fourth chapter, I will present the historical origins of the three sociocultures I extracted from the analysis and provide further background knowledge of the respective periods. I introduce this chapter by providing information on how the integration into the

global economy reworks social structures and division of work. Furthermore, I discuss the implications of India's position in the global economy and the structure of the domestic economy, also as division into public and private sector. Finally, I present the most significant institutions of Gujarati business reconstructed from the analysis with their standing in the sociocultures.

The three capitalist ethoi, informed by the sociocultures presented in the previous chapter will be prominently analyzed in detail in the fifth chapter. Each ethos is given its own subchapter, with an orientation towards an easy comparison between the ethoi. If an issue was most significant for one ethos, it is discussed only in the respective subchapter yet in comparison to the other ethoi.

In the subsequent chapter, the results are discussed based on the theoretical considerations. The research questions are revisited, and the findings presented in their essence. I evaluate to which extent the study contributes to the research presented in the second chapter and which future implications resulted from this research. Furthermore, limitations of my research will be addressed.

CHAPTER 1. Literature Review and State of the Art

I will start this section with the state of the art, in which analyses on an entrepreneurial culture in India show the revival of traditions and the emergence of new and modern forms of values. Furthermore, I will present the issue of the connection between cultural values and modern capitalism in India and early studies. Thereafter, I will introduce the two only studies on the capitalist spirit in the business elite in India, focusing on modernity and capitalism. Particularly the more recent study dealt with globalization as major influence on the capitalist spirit.

In the second part of this chapter, I will highlight research related literature on the spirit of capitalism and secondly on theories of globalization and culture that draw on the former as they are interested in the connection between cultural values and capitalism, yet under the conditions of contemporary globalization. Throughout the chapter I will point to fallacies that I seek to overcome with this research project.

Studying the capitalist spirit in the business elite in Gujarat, one must not neglect the foundational work of studies on the spirit of capitalism: Max Weber's work on *The Protestant Ethic and the Spirit of Capitalism (PE)*. Moreover, I will address Weber's work on *Religion of India* as it particularly theorized culture and capitalism in the country this research is situated in. Further, I seek to focus on *The New Spirit of Capitalism (NSC)* by French sociologists Luc Boltanski and Ève Chiapello, which has received major attention as alleged update to Weber's account of the spirit of capitalism. This brings me to the last body of work that I seek to explicate in this chapter: studies on globalization and culture. The more progressive among them centering on *hybridization*, *creolization*, or *multiple modernities* still lack the meditation of cultural phenomena among people in addition to neglecting the unequal access to resources in the global economy. Finally, I address the fallacies of these studies and theories and present first thoughts of solutions on overcoming them.

Entrepreneurial Culture in India

Almost two decades after India's economic opening, scholars began focusing on what they identified as new moral order that was installed in India under the umbrella of neoliberalism (Oza, 2006; Shapiro Anjaria & Anjaria, 2013). Media, but also official government publications showed a new mindset of Indians. This new *entrepreneurial* thinking was characterized by self-initiation, aspiration, energy, and "rags to riches" stories (Gooptu, 2009, 2011, 2013a; Shapiro Anjaria & Anjaria, 2013). In addition, entrepreneurial features in Indian thinking referred to the growth maxim in business, or the traditional concept of *jugaad*, implying adaptability, inventiveness under scarce conditions (Gooptu, 2013b). These characteristics are not just values that might change easily, "jugaad can be thought of as mindset, something deeply embodied" (Mankekar, 2013, p. 33).

Apart from this phenomenon, which has mostly affected the New Indian Middle Class (Shapiro Anjaria & Anjaria, 2013), media analyses showed an altered image of business in the country per se. In the media, a shift occurred from a disdain of profit maximization to an increasingly positive portrayal of making money (Adhia, 2013; Chakravartty & Sarkar, 2013; Mankekar, 2013). Concomitantly, newly rich business leaders have been depicted overly positive in magazines or popular science books (Ahmed, 2008; Herdeck & Piramal, 1985; Hiscock, 2008; Piramal, 1998, 2003, 2010).

Additionally, their management styles were observed to be changing as well. Managers, it was argued, saw themselves as members of a wider global economic community. Concomitantly, deep-rooted traditions in business asserted itself against global management styles (Chatterjee & Heuer, 2006).

However, sociological studies on managers as part of the economic elite and the changes in their beliefs and values are lacking (Jodhka & Naudet, 2017). Even at global level, there is little research on economic elites and their capitalist spirit (Pohlmann & Lim, 2014,

p. 1). This new entrepreneurial spirit might further vary depending on the region (Shapiro Anjaria & Anjaria, 2013).

Not only did studies and first tentative descriptions of this new phenomenon suggest new attitudes towards work and capitalism, concomitantly they found the reviving of indigenous traditions in management. The revived tradition, particularly jugaad, had been part of new management theories for managers to assert themselves against global management trends and building an Indian identity in the competitive environment of global capitalism based on specific traditional Indian qualities (Laleman, Pereira, & Malik, 2015; Radjou, Prabhu, & Ahuja, 2012). Then, in recent years management studies concentrated on putatively core Indian values and attitudes, through which Indian management would in reverse globalize management with ideas from its cultural tradition (Sharma, 2015; Thomas & Pillai, 2015). The connection between culture and capitalism had been in the focus of studies for since Max Weber's work of *The Protestant Ethic and the Spirit of Capitalism (PE)* (Weber, 1992 [1904/5]).

Thus, in Indian earlier studies had majorly dealt with Weber's thesis understood as the compatibility of Hinduism with modern capitalism. Scholars argued whether specific Indian values, namely its 'spiritualism', accounted for the country's lack of economic success (Braibanti & Sprengler, 1963; Goheen, Srinivas, Karve, & Singer, 1958; Knapp, 1963; Mishra Vikas, 1962; Myrdal, 2008 [1968]; Sovani, 1963; Tilman, 1963). In more recent years, precisely that feature was applauded again. Very few scholars (Adams, 2001; Singer, 1972a, 1972b; Tripathi, 1981a; Tripathi & Mehta, 1990) had argued explicitly for the irrelevant character of religion and culture for economic development.

Studies on the Capitalist Spirit in India

There are two studies in India that have focused not only directly on the economy, but also explicitly referred to the spirit of capitalism following Max Weber's thesis dealt with the

South Indian city Madras. The first major empirical work on the *capitalist spirit* in India was undertaken by Milton Singer (1972b) in the 1960s studying the newly built industrial elite in Madras. His work was updated by John Harriss (2003) more than a decade after the country's economic opening interviewing some of the same families. Both studied the alleged binary opposition of tradition and modernization among the industrial elite in Madras. The analyses on the enterprise culture (Gooptu, 2013a) focused rather on the attitudes in people, the studies on the capitalist spirit took into account more business centered issues such as the institution of family, working culture, business ethics, or economic environment.

Singer drew directly on the discussion that surrounded Max Weber's thesis on the PE on whether Hinduism possessed a detrimental character on economic development. While Singer was not convinced of the thesis, he analyzed the industrial elite as being situated between the poles of modernity¹ and tradition. Thus, he concentrated rather on the mediation between the binary opposition than analyzing whether economic development could occur under Hinduism. While the contemporary entrepreneurial spirit is analyzed as possessing features of new and old, Singer has interpreted novel characteristics as formed to be outside the old, which he called *compartmentalization* (Singer, 1972b). Indians "look on modernization as a cultural process of *traditionalization*, in which the new is turned into something old, and not as a cultural process that makes something new out of that which is old" (Singer, 1972, p. 399). Furthermore, Singer states the various influences without further going into detail about their source and their miscellaneousness. Singer was criticized for his bias as he interpreted the emerging values as revitalizing of traditions (Hancock, 2010).²

¹ Modernity was perceived as secular and rational values from the Global North following Max Weber's thesis. Singer perceived the rather traditional values to be the essential Indian values and considered them to be robust. Hence, Singer had missed on analyzing the hybridity of modernity as well as tradition.

² Singer had been advised by Indian Sanskritist V. Raghavan. Together they were dedicated to reviving traditions for a progressive Indian nation and insofar he had been strongly influenced in his analysis.

This major empirical work on the spirit of capitalism in India was up-dated in 2003, when John Harriss interviewed some of the same industrial families.³ Central to both studies were the issues of family business and caste. Singer emphasized business ethics and related philanthropic activities, education and the centrality of values. Harriss had added working culture and gender.⁴ While he had not specifically addressed philanthropic activities, he mentioned religious donations, yet not in relation to business ethics.

In general, Harriss joined Singer's general conclusion about India's robust civilization adopting only some novel elements. It was not only, but mainly and immediately, local power struggles that led to the revival of Hinduistic practices and a transition in their style.⁵ Thus, Harriss' analysis entailed the embeddedness into the socio-political context. He argued that Indian business revived traditional values when "becoming more fully modern by being true to a notion of distinctive cultural essence" (Harriss, 2003, p. 362). Harriss interpreted the revival of traditional values in a slightly changed form as step in India's modernization, which was informed by the rational and *reflexiv self*, scholars ascribed to the neoliberal Global North (Beck, 1992; Beck, Giddens, & Lash, 1994; Giddens, 1990). Some changes, which Harris had analyzed in the industrial elite in Madras made sense following Giddens' (1990) assumption of *disembedding*⁶, like the shift from personalized relationships to systems and professionalism. However, he also found phenomena contradicting disembedding to which he could not provide an explanation. Whereas new professional, read rationalized, measures were introduced, they were legitimized only by seemingly contradictory practices

³ He directly referred to Milton Singer's study interviewing present-day 'business leaders' in Chennai, including members of the second generation, or sometimes, third generation of the same business families Singer had interviewed, adding interviewees from relevant industries in present times.

⁴ Harriss studies the, rather superficially, stating facts about increasing provision of maternity leaves and a growing number of women in companies in 'The New Economy', which he analyzed being a characteristic of modernity in the sense of individual autonomy.

⁵ Harriss ascribed this transition at practical level to the complex dialectic with the Non-Brahman in Tamil culture rather than directly to globalization. Concomitant with local political struggles that favored the celebration of Vedantic Hinduism, Harriss acknowledges tendencies associated with globalization had contributed indirectly to this transition.

that had existed for a long time. However, the practices were not simply a persistence of traditional values and practices but had experienced alterations as well.

Both studies followed the argument in Weber's thesis on the *PE* that religious or cultural values possess a crucial influence on economic development. What remained unsolved in these studies was explaining the emergence of alleged traditional and modern elements in the capitalist spirit. While Singer had focused more on religion, Harriss had already included socio-political factors for a change in the capitalist spirit. I argue that these considerations need to be understood within a broader theoretical context. In before I introduce the foundational work for studies on the capitalist spirit, I explicate why Gujarat is pertinent for this research.

Gujarat: Between Business Tradition and Embracing Liberalization

Both the analyses on the entrepreneurial culture as well as the studies of the capitalist spirit in the business elite invite further research. The enterprise culture points to the varieties of the same in various social groups and regions. Therefore, while studying the business elite would fulfill the first, studying a different region would fulfill the latter. Studies of the capitalist spirit by Singer or Harriss have taken place in India's South. Studying a region in contrast from that would contribute to these studies. Singer himself has suggested a region with a strong tradition in business, particularly the city of Ahmedabad in the Western state of Gujarat. "It seems likely that where industry developed early under indigenous auspices, as in Ahmedabad, the strategy of compartmentalization would not have taken the same form" (Singer, 1972a, p. 359). Even though I might not want to pursue Singer's concept of compartmentalization, this region can serve as fruitful area to study the capitalist spirit. Gujarat is acknowledged as outstanding entrepreneurial region: "Not only in common

⁶ *Disembedding* refers to social activities that are not bound to their local contexts and might shape social relations even in different times and regions (Giddens 1990).

parlance but also in academic discourse the term Gujarati (person) is synonymously used as a business entrepreneur” (Shah, 2013, p. 66).

Some early publications had dealt with renowned industrialists in India’s Western state of Gujarat with its deep tradition in trade (Dupont, 1997; Gupta, 1979; Hardiman, 1990; Mehta, 1991; Pearson, 1976). “Western India was the cradle of Indian industrialisation and has remained a major scene of industrial activities ever since” (Tripathi & Mehta, 1990, p. 26). The state’s biggest city Ahmedabad was known as the Manchester of the East in the early 20th century (Spodek, 1965). Famous industrialists shaped the city’s socio-political and cultural life. Several publications (Spodek, 2011; Tripathi, 1981b; Tripathi & Mehta, 1990) centered on the portrayal of these businessmen and to some extent on their particular lifestyles and ethics (Sundar, 2013; Tripathi, 1981b). The merchants in Gujarat were attributed a certain ethos, ingrained and embodied way of conducting business, similar to the capitalist spirit (Hardiman, 1996; Sheikh, 2010; Yagnik & Sheth, 2005). I will go into detail about this ethos along caste lines in chapter 4 in the section on caste.

The state has embraced liberalization strongly (Sud, 2012, p. 2). Gujarat is one of the industrialized states in the country. The development and industrial sectors of the Gujarat economy are presented in chapter 4. Gujarat was one of the first states at the end of the restricted economy with neoliberal policies envisaging global business (Shah, 2013, pp. 67–68) proclaiming investor-friendly initiatives (Sud, 2012, p. 4). In addition, another social phenomenon points to the changes that take place in the state’s upper strata, even though this serves only as lead and is not at the center of this research. Spodek (2011) states the distinction between the earlier businessmen and the new groups in business that caused irritation: “Increasing wealth supported levels of conspicuous consumption that would have scandalized earlier mahajans” (p. 231). Apart from this break in lifestyles observed, there is no other study focusing on change in beliefs and values in businessmen in Gujarat. Therefore,

studying the capitalist spirit in the state of Gujarat with its tradition in business and tentative descriptions in changes might well contribute to studies on the capitalist spirit in India as well to the enterprise culture with a different social group as well as a different region. For now, I seek to introduce the principal works on the capitalist spirit in the following.

Max Weber's Protestant Ethic and The Spirit of Capitalism

Max Weber's thesis on *The Protestant Ethic and the Spirit of Capitalism (PE)* (Weber, 1992 [1904/5]) inspired scholars from several decades and disciplines to approach facets of his thesis from various angles. The *spirit of capitalism* symbolizes the inquiry into the emergence of modern capitalism. I address Weber's thesis on the PE to clarify potential associations, and further make use of the term spirit for the analysis in a different manner.

Although, Max Weber's PE (1992 [1904-5]) is considered the principal work on the capitalist spirit, the concept had previously been introduced by Werner Sombart (Sombart, 1902). For Sombart, the spirit of capitalism was the way of viewing the world and giving a purpose to one's actions (Chiapello, 2007). Max Weber had published the PE as two articles in 1904-5 in the journal *Archiv for Sozialwissenschaft and Sozialpolitik*. A second, slightly revised edition was published in 1920 in *Gesammelte Aufsätze zur Religionssoziologie*. Weber argued that the PE supported modern capitalism so uniquely (and contributed to its origin and prospering) due to work understood as *calling* (Beruf); the positivist attitude to wealth as a sign of God's benevolence; and its ascetic and activist approach among others (Swedberg & Agevall, 2016). The concept of the *spirit of capitalism* refers to "that attitude which seeks profit rationally and systematically" (PE, p. 27). The modern occidental capitalism - observed in Germany - Weber refers to is characterized by the rational organization of formally free labor, the separation of business from the household and

regularized investment of capital.⁷ Modern capitalism combined the pursuit to accumulate with an ascetic attitude to save, which was supported by the concept of the Protestant calling. The concept of the calling in this *spirit* refers to fulfilling duties as an end to itself in worldly affairs as highest moral obligation (PE, p. 40). This justification of worldly activity, Weber ascribes to Luther's influence in the Reformation (ibid. p. 41). With "restless, continuous, and systematic" (ibid., p. 116) work people could demonstrate their firm religious belief. However, Weber's thesis on the PE leaves room for various interpretations.⁸

Most criticism, Weber's thesis received upon the understanding of PE as the only origin of modern capitalism. This critique, however, can easily be dismissed as Weber had considered the PE to be the "push factor" for modern capitalism in an already supportive environment.⁹ Over the years, the spirit's value-rational roots, apart from the fundamental instrumentally rational roots, became increasingly habitualized (Pohlmann & Lim, 2014, p. 5).

Giddens (1976) rejected the critique on Weber's alleged thesis of other failed capitalisms. To him, Weber was rather concerned with the origin of modern capitalism which had taken place in Europe. Wrong (1979) and Trevor-Roper (2014 [1967]) had pointed at Weber's fallacy that Protestantism was the cause or the basis for the *capitalist spirit*, instead of focusing on the break with the Catholic beliefs that had prevailed before. Neither religion might have brought the *capitalist spirit*, but the "Counter-Reformation" (Lüthy, 1964; Trevor-Roper, 2014 [1967]). Thus, when people in power realized their potential to use the ideology for their purpose, they turned to Protestant ethics (Trevor-Roper, 2014 [1967]). Weber

⁷ Weber considered a regular profit in opposite to political or irrational speculative opportunities for profit to be rational (PE, p.111).

⁸ Scholars might claim a correlation between Calvinism and economic behavior. They could also consider the PE to be a causal analysis between the influence of *PE* on capitalism; or an analysis on key characteristics of Western society and so on (Giddens in the introduction of the PE, 1992).

concentrated on the PE rather than identifying technological growth and population increase as factors that led to the emergence of modern capitalism.

Weber's thoughts on the relation between religion and capitalism were not limited to the Western world. In *Religion of India (ROI)*, Weber (1992 [1916]) contrasted Hinduism with Protestantism to figure out the potential for the emergence of a modern capitalist system, which particularly gave rise to the studies I mentioned in the first part of this chapter. While he assessed that India possessed a capitalist economic organization, it lacked however technological rationalism and the "right" spirit for modern capitalism.¹⁰ Weber identified a variety of potential reasons such as the supposed Brahmanical "denial of the world" (ROI, p. 172), supposed anti-rational thinking in everyday life and the economy, or the supposed asocial and apolitical character (ROI, p. 333) that had to rely on mystics and magic. Even Jainism, Weber had stated to contain elements that would not lead to an indigenous modern capitalism.

There was a hail of criticism on Weber's theses on Hinduism. Thus, critics perceived Weber to ascribe India's alleged backwardness due to Hinduism (Mandelbaum, 1970). Weber had relied on secondary sources neglecting the practical implementation, which mostly came from European scholars (Adams, 2001; Gellner, 1982; Pocock, 1972). His simplified understanding of the caste system gave cause to most criticism (Gellner, 1982; Gould, 1988). Jainism contained very well several features of PE, yet Weber blamed rituals to be the obstacles for capitalism (Gellner, 1982), the same might be applicable to Hinduism and Buddhism (Tambiah, 1974).

⁹ Weber argued that several socio-economic factors developed that were favorable for the emergence of modern capitalism: (i) separation of the productive enterprise from the household; (ii) the development of the Western city, politically relatively autonomous; (iii) Roman law, distinguishing between corporate and personal property; (iv) the nation state, with a bureaucracy that inspired in its structure even business entities; (v) double entry bookkeeping; (vi) "the rational capitalistic organization of (formally) free labour." (PE, p. 21).

¹⁰ Even though he found asceticism in Hinduism, he considered it to be "other-worldly".

Despite the criticism Weber's thesis was mostly understood as the causal relation between religion or culture and the lack of economic development in the 1960s. Several scholars argued about the putatively detrimental character of Hinduism on economic development (Mishra Vikas, 1962; Myrdal, 2008 [1968]; Singer, 1972b; Sovani, 1963; Tilman, 1963).

The New Spirit of Capitalism

Weber's thesis on the PE experienced a revival in the late 1980s and 1990s. The increased interest in culture and capitalism led to the focus on this interpretation of the PE, mostly in the Global North. The problematized narrow focus on Weber's thesis appeared to be expanded by a work on *The New Spirit of Capitalism (NSC)* by Luc Boltanski and Ève Chiapello (2005). Their study analyzed changes in the ideology linked to transformations in capitalism emphasizing the role of critique as motor for capitalism.¹¹ Modern capitalism could not exist as independent system on pure economic means, but needed justification (NSC, p. 58). Deviating from Weber's PE, the NSC refers not only to motives of rational conduct of life and mere pursuit of profit, but also to the ideology of the common good justifying the engagement to capitalism.

While the PE legitimized to work more than necessary for the satisfaction of material needs (PE, p. 18) and capitalism emerged on economic pillars, NSC is essential to the genesis and continuance of capitalism since the emergence of a new spirit is shaped by critique on capitalism, which becomes integrated into the capitalist order. Thus, this concept of the capitalist spirit is open for various elements in opposite to Weber (Pohlmann, 2008, p. 120).

NSC had been criticized due to several flaws such as their thesis remains unverified by empirical work, or that their research was mainly based on discourse analysis of

¹¹ Boltanski and Chiapello (2005) assume that critique withdrew legitimation to capitalism by pointing at its contradictions. The very same critique, however, builds the basis of the redeployment of capitalism since it asks its supporters to create a new justification. Thus, the capitalist system integrates these critiques and thereby develops a justification for its existence and continuity.

management literature without studying the implementation of these practices. Pohlmann and Hessinger (2017) criticize that in NSC the objective layer in the capitalist spirit is equated with the *subjective spirit*. However, Boltanski and Chiapello contributed in the research on the capitalist spirit as the embedded it in its contemporary history. Moreover, their negligence of religious values or cultural values on economic development is fruitful for this research, which had been so central to various research strands building on a particular understanding of Weber's PE, as Boltanski and Chiapello show the interrelation between supporting and impeding values.

However, I am in line with Weber assuming that capitalism does not depend on its legitimation apart from economic means. This implies that I do not follow the argument of critique as central in the emergence or transformation of the capitalist spirit. Whereas in NSC, capitalists and wage earners are considered to be both relying on their involvement in the spirit, this project does not concur with the assumption of both protagonists being equally relevant for capitalism due to the negligence of power relations (Peter, 2005).

However, Boltanski and Chiapello offer some insightful approaches on the issues of the capitalist spirit in recent times. Central issues in their specific spirit such as the legitimate rule of conduct for actors in contemporary capitalism, managerial practices, and organizational structures and working culture gave inspiration to the questionnaire used in my study. Hence, this project included questions on values being heralded in employees and leaders, relations between employees and leaders, as well as narrations about the working culture and the organizational structure. In the chapter on methodology, I will present which issues of the NSC were entailed in the questionnaire.

Theories on Globalization and Culture

The issue on the relation between culture and capitalism had been discussed globally as comparison between cultures. Max Weber had shown interest in the big religions and their

influence on capitalism when he analyzed world religions regarding their compatibility with modern capitalism. Several scholars in the 1950s and 1960s had undertaken this examination to see whether alleged underdeveloped countries could become developed implicitly applying modernization theory (Eisenstadt, 2006; Pohlmann & Lim, 2014). In opposite to Weber, these scholars emphasized culture over the economic pillars of capitalism (Pohlmann, 2008, p. 114). As globalization received more scholarly attention, the connection between culture and capitalism faced a strong revival at global level in the late 1980s. Scholars saw a decline of the hegemony of the West and turned to Asia. Moreover, globalization was considered to spread at an accelerated rate and the increasing importance of religion raised the relevance of culture to studies. Several scholars perceived a need for the region to catch up with Western modernity characterized by a specific way of method of production: capitalism.

The relation between culture and globalization has been interpreted mostly in three dominant paradigms (Nederveen Pieterse, 2004). Scholars argued that globalization would lead inevitably to conflict between cultures, as Samuel Huntington in his *Clash of Civilizations* (Huntington, 1996) has argued.¹² Huntington opined that cultural blocks, that are highly distinguished, increasingly interact through globalization and start being in conflict with each other. So to speak, globalization would result in a *divergence* of the world.

The second paradigm rests on the assumption that globalization would lead to a *convergence* of culture. This scenario was mostly drawn on the assumption that the world became assimilated to the US-American culture. George Ritzer (1993) gave this approach the name of “McDonaldization”. With this term he described the principles that prevail in fast food chains and spread to all areas of society all over the world: efficiency, calculability, predictability, and control. Like Max Weber he understands these principles as part of the process of rationalization.

Benjamin Barber (1995) took up a middle position between Huntington and Ritzer. He argued that in the present world two principles are not congruent with each other: “McWorld” and “Jihad”, as unlimited trade leading to homogenization of the markets and the reaction towards it. Race is its motivation, which goes along with religion and nationalism.

The third paradigm would neither start with the assumption of either convergence or divergence, but instead describe processes of cultural phenomena that are increasingly less in a pure form, yet rather in a mixed form. Approaches such as *hybridization* (Nederveen Pieterse, 1994), *creolization* (Bhabha, 1994; Heuman & Trotman, 2005), or *glocalization* (Robertson, 1995) share the refusal of the notion of culture as essential as well as the origin of the ideal culture in the West.

In this manner, Robert Robertson’s (1995) analysis aimed to include some of the criticisms on the thesis of homogenization. He named the adaption of global processes on local conditions *glocalization*. The concept describes the interaction between the global and the local level, which influence each other in both directions. Homi Bhabha (1994) focused on his concept of *hybridity* on the role of the colonizers and the resisting potential of counter cultures towards modernity, building upon Edward Said’s *Orientalism* (1979). Jan Nederveen Pieterse’s (2004) idea of *hybridization* can be characterized as a more differentiated theory, in which current globalization and hybridization are considered to be accelerated versions of already earlier existing forms. Hybridization develops in the interrelations of migration, mobility, multiculturalism, diaspora, and political-economic interdependence. Cultural elements change their horizon of meaning and become hybrids. In that sense, all cultural characteristics are hybrids.

¹² Huntington’s thesis was criticized, most famously by Edward Said (2001), yet has continued to be of relevance in globalization theories.

Nederveen Pieterse himself, however, has brought forward a strong critique on his theory: the issues of power and inequality in globalization remain unsolved (ibid.). A representative of *creolization* is Ulf Hannerz (1987). His focus lay on the merging of cultures that can be traced back to several different historic origins. Criticism on these concepts came from Anthony Smith (1990) mainly on the commercial nature of culture underlying those theories. National cultures, he argues, had been constructed by elites and capitalists. Hence, a global hybrid culture lacks historically grown traditions and is not able to create an identity.

Shmuel Eisenstadt (2000) had suggested his approach of *multiple modernities*, which considers modernity in various forms all over the world, yet bounded to societies as single units. His concept refers to several cultures in the modern age shaped by the respective conditions of the civilizations. As Eisenstadt (2006) rightfully remarks, this research strand has nonetheless failed in contributing to analyze the “different patterns of modernity” (p. 162).

Overcoming Fallacies of the Theories on Globalization and Culture

Notwithstanding, these theoretical assumptions took into consideration the criticism of postmodern demands to get rid of cultural essentialism. However, culture is perceived to be hybrid without asking how the emergence occurred in practice in societies (Nederveen Pieterse, 2004). Hence, while these concepts overcame the simple dichotomy of convergence versus divergence approaches and the implicit modernization theory with the ideal of Western modernity, they remain at a meta-level in their analysis. They neglect to analyze the mediation of cultural phenomena within or between regions, or social groups. Societies might entail several groups with their own strategies on the use of cultural entities. Moreover, different regions or societies potentially possess unequal positions within the global order.

These theories still rely on the cultural essentialism as they perceive the hybrid to be essential. They lack to give an explanation to the difference in the emergence of cultural

phenomena when they perceive all cultures to be at the same level in their resources and power and neglect the differences within societies and regions (Rehbein, 2007). Most of all, they neglect to analyze people and their practice of cultures and their use of culture as strategies.

Max Weber's PE is the principal work that one associates with the spirit of capitalism. Its influence is still prevalent in contemporary studies and has extended to issues on globalization and culture. I have shown the fallacies and critique on Weber as well as the update by Boltanski and Chiapello on the NSC. A major difficulty in NSC lay in their use of management literature to reconstruct the capitalist spirit. This project aims to overcome this fallacy by conducting qualitative interviews with managers and owners, thereby gaining access to their *ethos*: their tacit knowledge. Moreover, this research focuses on a region in the Global South, which can provide a valuable contribution to studies on the capitalist spirit that tends to focus on the Global North. Yet, I do consider their avoidance of religious beliefs to be essential factors of economic development.

Studies in India on the capitalist spirit have also circled around the issue of globalization, mostly between the dichotomy of modernity versus tradition. Thus, they were similar to the tentative assumption of the contemporary capitalist spirit in India with traditional and modern elements and the question on their emergence. However, they neglected the formation of the mixed forms of the cultural phenomenon of the capitalist spirit.

Conclusion

First media analyses and studies indicate that India's capitalist spirit is in a transition phase. Old business ethics are being questioned, while new economic thinking and work ethics are emerging. As values and beliefs encompassed in the entrepreneurial spirit vary in their meaning between more affluent social groups and those with fewer resources but also

between different regions, they might carry different implications for other social groups in various geographies. In that light, it is of value to research which capitalist spirit prevails in other social groups in the country. Managers are at the core of business. Their values and worldview appear to have changed. Their capitalist spirit, however, has not been studied in India in recent years. A more insightful analysis on the status quo of the top level in business would contribute to studies on the capitalist spirit in India. One of the core terms of the entrepreneurial spirit in India was *jugaad*, which can be understood as embodied sense of the world. This might remind of the habitualization of Weber's spirit. Studying a different region contributes to the analyses on the enterprise culture. Furthermore, Gujarat provides an interesting region to study as the state possess a business tradition along with its embrace of economic liberalization.

In the following theoretical chapter, I will introduce my analytical concepts for this research endeavor.

CHAPTER 2. Theoretical Considerations

In this chapter I will introduce Pierre Bourdieu's concepts of *ethos*, *habitus*, and *sociocultures* and explain their distinctive meanings. *Ethos* is central to the project as I refer to the *capitalist spirit* as *capitalist ethos*. The concept of spirit has remained rather unclear, particularly to empirical research, implying several different concepts or notions. Therefore, I argue for the use of ethos based on the literature review referring to the embodied morality of the spirit. Moreover, ethos is preferred over other similar concepts as it lacks the spiritual notion that is sometimes misleading about the term spirit.

A further central concept is habitus. Ethos needs to be understood as ethical dimension of habitus. Knowing the principles underlying the concept of habitus are therefore pertinent to this research. However, using ethos instead of habitus highlights on its ethical dimension over other habitus' dimensions.

Further, I will introduce the concept of sociocultures as bundle of persisting layers, which was developed by Boike Rehbein drawing on Bourdieu's work. The concept of sociocultures enables the analysis of the asynchronicity of alleged traditional and modern concepts of the capitalist spirit that have been discussed in India.

Analytical Concepts

This project works with an update on Pierre Bourdieu's theory. Boike Rehbein (Rehbein, 2004, 2005, 2007, 2011) had analyzed the influence of globalization processes on Laos adapting Bourdieu's key concepts. My second main analytical concept of sociocultures that I draw on stems from Rehbein's work on Laos. Following Bourdieu, Rehbein differentiates between social structure, division of work, culture and socioculture. Taking this differentiation into consideration is fruitful for research in any given society, as it enables the analysis of *asynchronicity* of social, cultural or economic formations to which Bourdieu had referred to based on his observations in Algeria (Rehbein, 2006). Interestingly, Bourdieu was

inspired in his studies in Algeria by Max Weber's thesis on the PE. Yet, Bourdieu applied ethnographic methods in opposite to Weber, who relied on secondary literature. Bourdieu found that not all Algerians had adopted capitalism, while precapitalist practices and institutions persisted (Bourdieu, 1997 [1977]). Thus, Bourdieu encountered two distinct economic modes (Schultheis, Bourdieu, & Pfeiffer, 2011), of which the alleged more modern mode entailed an attitude similar to the PE in opposite to the traditional mode. Bourdieu identified class membership as difference in the adoption of capitalism. Later in the chapter I will further explicate Bourdieu's theoretical assumptions and his understanding of class, which is expanded by social and cultural components other than purely economic capital. In Algeria, Bourdieu and his colleagues (Bourdieu, Rivet, Seibel, & Darbel, 1963) had found that the better off sections of society fulfilled more the character of the rational personality in the Weberian sense. In Algeria, the subproletariat had no chance of being involved in capitalist activities and maintained their traditional thinking and practices. Neither the simple peasants nor the subproletarians could be characterized as being rational actors as they would not plan for the future or use their surplus for investment. The calculating and rational prediction and the attitude towards the future would only be developed in the urban, colonial centers (Bourdieu, 2013, p. 78).

However, I aim to emphasize that while both concepts of ethos and socioculture are either entailed or based on Pierre Bourdieu's theory, there is no direct analytical connection in his work itself.

Ethos

This section seeks to fulfill three related objectives: to revisit Max Weber's use of notion of the *spirit of capitalism* and realize the unclear use of various terms. I understand the spirit as *ethos* in the Bourdieuan sense, which I had mentioned in the previous chapter in the section on the PE. Therefore, my second objective lies then in explicating Bourdieu's

concepts of ethos and laying down how pertinent the notion is to my interest over similar concepts in the research on the capitalist spirit. Thus, this work distinguishes ethos first of all from *spirit*, and then from *ethic* and *eidos*. Thirdly, as ethos refers in Bourdieu's terms to the ethical dimension of habitus, I will explicate the concept of habitus.

This project opts for the concept of Pierre Bourdieu's ethos in its analysis on the capitalist spirit. Following Weber's use of spirit or ethos, I argue that Weber's work refers to the notion of an embodied morality. However, due to vague use of the capitalist spirit in Weber a concept I sought a more differentiated concept. Thus, the notion of ethos in Bourdieu is applied, which refers to the ethical dimension of habitus and in that sense embodied morality. Ethos is preferred over other concepts for being free from spiritual associations, yet potentially alluding to economic motives, referring to the incorporated aspects rather than only the explicit verbalized expression (see p. 54). Using ethos instead of habitus bears the advantage of referring only to the ethical dimension, as opposed to all other dimensions in habitus. As I analyze specifically the ethos alluding to the well-known Weberian spirit, the use of habitus would become rather obsolete and even misleading to all other associations and dimensions of the concept. Finally, ethos incorporates history (Rehbein, 2011, p. 279) and therefore enables the analysis of persisting structures as well as the emergence of new forms of cultural elements in the capitalist spirit.

In common language the term ethos is used frequently. However, ethos often maintains its common meaning and remains rather untheorized in academic discourses (Wolff, 1998). In the 1990s, in Indian management theories, ethos was a popular concept referring to the essential Indian spiritual trait that could be fruitful for management practices even globally (Sharma, 2015), which is rather problematic as I had discussed the fallacies of cultural essentializations in the preceding chapter.

In general, the associations with the term are various and rather flexible, which might explain the unclear distinction to similar concepts in everyday usage or in other research areas. Moreover, there are several other terms closely related, which are even in academic discourses used interchangeably. Before becoming familiar with the concept of ethos for my analysis on the capitalist spirit, I aim to revisit Max Weber's terminology on the capitalist spirit and the related potentially misleading use of spirit and ethic.

Max Weber and his concepts for spirit. Weber's use of spirit, ethic, and ethos has not been analyzed properly (Appadurai, 2011). To start with, Weber's own usage of terms as ethic or ethos is problematic as he uses them synonymously in the first edition of the PE.¹³ Both terms refer to the "ethically coloured maxim for the conduct of life" (Weber, 1992 [1904/5], p. 17). Ethos was less morally charged than ethic. This might carry the potential of taking into account the span between the religious morale and the economic maxim (Ghosh, 2014, p. 225). The term ethos is closely related, yet not easy to distinguish from disposition (*Gesinnung*), spirit (*Geist*), and habitus (Grossein, 1996, p. 61).

While I approach the notions of disposition and habitus in the next section, I first turn towards spirit and the rather religiously seeming notion. Weber had not made a "distinction between a religiously rooted 'ethic' and a derivative capitalist 'spirit' (Ghosh, 2014, p. 225). *Spirit* might not refer, however, to world religions, but stems from his writings on capitalism from 1917-18. Mostly, *spirit* was read as the German word *Geist*, which refers to worldview of an era or group (Appadurai, 2011). When talking about a group, Weber's ethos was interpreted as "a collective self-representation of a style of life characteristic of a group of individuals" (Swedberg & Agevall, 2016). Yet, this definition still rather entails the sense of *ideology*.

¹³ Weber had introduced the term *ethos* in the revised version of the PE from 1920.

The interrelation between the terms, but also their distinction, might become more evident in Weber's work when looking at the fact that people are assumed to be oriented towards the future (this-worldly orientation) and actualizing income and profit. This transcends the idea of ideology or a pure worldview. Weber, himself, distinguishes ethos from an ideology (Gerth & Mills, 1946, p. 321). Thus, ideology does not refer to the essence of capitalist spirit in Weber.

What has become clear is that the terms of ethos, ethic, and spirit are used often interchangeably. There is little distinction in academia and popular usage. Ghosh (2014) had already suggested that ethos might be preferred over other concepts for its potential of incorporating morale and the economic maxim.

Weberian ethos and Bourdieuan habitus. Moreover, Arjun Appadurai (2011) referred to the close connection between Weber's notion of ethos and Pierre Bourdieu's notion of habitus. This is not surprising as Max Weber himself had intended to speak of a "Habitus of Capitalism" in his title on the PE (Schultheis, 2013, p. 48).

Weber's concept of ethos needs to be understood as disposition in the sense of Bourdieu's habitus concept over ethos as mere worldview. Weber's notion of ethos possessed a further dimension of meaning than "a mere ideology or doctrine in that it conveys a sense of bodily disposition, a sensibility, a moral style, and elements of a cultural psychology" (Appadurai, 2011, p. 518). However, Weber's ethos should not be understood as equivalent to Bourdieu's notion of habitus, but rather as its anticipation (ibid.). According to this reasoning, Weber's spirit of capitalism is understood to be closer to an "embodied moral sensibility". Appadurai (ibid.) considers the spirit, which he equates with ethos, to possess also the implicit and collective side of habitus as opposed to an explicit ethic.

If spirit is rather a matter of disposition than of worldview, it comes closer to an embodied moral sensibility, which precedes action or organization and amounts to a

collective psycho-moral disposition. Thus, the spirit is external to and prior to any and all of its distinctive devices, both technological and institutional (Appadurai 2011, p. 518).

Similarly to Appadurai, Pohlmann and Lim (2014) argue for habitual aspects in Weber's spirit of capitalism. The authors distinguish the "objective spirit" from the "subjective spirit" (ibid., p. 5), which can be understood as Pierre Bourdieu's distinction between explicit and implicit knowledge.

Bourdieu was inspired by Weber's thesis on the relation between the capitalist spirit and the particular PE. In his research on Algeria, he studied two groups that differed greatly in their economic modes (Schultheis et al., 2011). One might be considered in congruence with the Weberian category of modern capitalism with a rationalized economic spirit. In the early 1960s, Bourdieu had used *habitus*, with reference to the Weberian ethos, to grasp the notion of a persisting attitude (Rist, 1984, p. 203). Around 1966, Bourdieu shifted from Weber's notion enlarged to social classes to the concept of *habitus* to connect the individual *practice* with collective inscriptions. Hence, he shifted his focus on *habitus*, while ethos became less prominent. Bourdieu then considered the term of ethos to be redundant as it would largely be encompassed in *habitus* (Rehbein, 2006). However, as I seek to analyze specifically the ethos in the Weberian sense, the use of *habitus* in the Bourdieuan would become rather obsolete and even misleading to all other associations and dimensions of the concept.

Opting for the use of ethos in the analysis is not only fruitful following the argument above from Weber's work itself. Ethos carries the potential to contribute to the research interest even further as it entails a certain embodied morality (Appadurai, 2011), or habituation (Pohlmann & Lim 2014) had hinted to. This embodiment refers to elements from history carried on and can contribute to understanding the persistence of some traditional elements in the capitalist spirit. The argument will be laid down in the following.

As Bourdieu hardly explicitly worked on ethos himself, I seek to examine some references to *ethos*, yet approaching it from another angle. As ethos is the ethical dimension of habitus, explaining the notion of habitus is beneficial to grasping ethos more in-depth. Nonetheless, using habitus instead of ethos would lack a distinction to other dimensions or facets in habitus.

Revisiting Bourdieu's Theory of Practice. I give a short introduction into the overall framework of Bourdieu's theory of how *practice* is generated as it contributes to a better understanding of ethos. Bourdieu (1984) developed an encompassing model of social structure as he had included all socially relevant resources than merely focusing on economic resources.

Capital. Bourdieu expanded *economic capital* by *cultural capital*, *social capital* and *symbolic capital*. The sum of the different types of *capital* refers to a position in the social space. As general formula of Bourdieu's theoretical approach one can keep in mind that capital together with habitus in a particular *field*¹⁴ shapes practice. The main elements should not be considered detached from each other (Golsorkhi & Huault, 2006; Hermann, 2004). Due to time constraints I will stay away from including all concepts in the analysis, yet the relational connection makes an understanding of the framework necessary. However, in the empirical chapter on the ethoi, I will make use of the concept of capital. Economic capital can be understood as all sorts of material wealth. Social capital refers the use of social networks of more or less institutionalized relations. Cultural capital comprises three different sub-categories: objectified, incorporated, and institutionalized. While objectified cultural capital refers to books, artworks etc., and institutionalized cultural capital refers to titles of education, incorporated cultural capital refers to habitus. The incorporated and embodied

¹⁴ Field can be understood as an arena of constant struggle for 'stakes' Warde (2004).

cultural competence differs from economic capital as it belongs to a person and the respective body: the 'being has become 'possession' (Schwingel, 2003, p. 89).

Depending on the respective *field*, one form of capital can be converted into other forms of capital (Bourdieu, 1986). Cultural capital can be converted into economic capital under certain conditions, i.e. institutional recognition of cultural capital facilitates the conversion into economic capital. Symbolic capital is the capital form "that the various species of capital assume when they are perceived and recognized as legitimate" (Bourdieu, 1989, p. 17). Relevant for my analysis is that ethos can be used as symbolic capital from time to time as I will show in the empirical chapter (Bourdieu, 1990, p. 190) to legitimate certain objects and modes of action.

Field. I would like to introduce a further concept, necessary for the Theory of Practice and the situatedness of habitus. However, I clarify that I will not make use of the concept in the analysis. *Field* might be rather considered a conceptual metaphor than a clear-cut concept (Fröhlich & Rehbein, 2014, p. 100). However, field refers to arenas in which people struggle over positions within the field (Bourdieu, 2005, p. 30). People need to know the rules of the game and share the belief in stakes (*illusio*). Habitus comes into play as people use their habitus and capital to compete over socially relevant goods.¹⁵ Field and habitus possess a strong interconnection as people act always within a field and its respective rules and stakes. Notwithstanding, Bourdieu's theory remains unclear whether field is theorized as distribution over resources or rules. Hence, following this argument I realize that ethos is used in the field together with capital. As this project is rather keen in analyzing the transformation in the capitalist spirit, the analysis of the ethos as part of the 'game' would be a further work. After this brief detour, I would like to address the concept of ethos in Bourdieu's work.

Pierre Bourdieu's concept of ethos. Ethos can be understood according to Pierre Bourdieu as the ethical dimension of the habitus.¹⁶ To put the concept of habitus in a nutshell: mediating between objective structures and subjective structures at a mid-level embodied in a person. It enables this study to explain the adaptation of strategies and altered practices in new situations (Bourdieu, 1997 [1977]). Habitus shapes the possibilities for certain practices¹⁷ over others regularly as it entails inclinations and tendencies towards certain responses. As ethos underlies the same logic as habitus, the notion of ethos implies a certain possibility of thinkable forms of practice.¹⁸

In *Distinction* (1984), Pierre Bourdieu designates ethos as the practical, everyday morale of life (Papilloud, 2003, p. 41). Even though the concept of ethos proves to be helpful in studying the spirit of capitalism, Bourdieu hardly defined ethos. However, there are some references especially in *Distinction* (1984) and in *Sociology in Question* (1993).

Ethos would structure people's "everyday perception of everyday existence" (1984, p. 44). Basically, ethos can be understood in the sense of view on life (Fröhlich & Rehbein 2014, p. 411). Yet, this view on life is nothing people can choose themselves. Ethos is shaped by a person's social environment. Bourdieu talks about "the forced choices of a social condition" (1984, p. 175) or he refers to the "conditions of the production of ethos" as "necessity made into a virtue" (1997 [1977], p. 77).

These limited choices of a social condition are embodied in the early life stage and remain ingrained in a person. Bourdieu states in *Sociology in Question* (1993): "Moreover, all the principles of choice are 'embodied', turned into postures, dispositions of the body. Values

¹⁵ Fröhlich and Rehbein (2014, p. 100) remark that the notion of field becomes problematic as it refers to the rules, concomitantly to the stakes, or the structures and can only be analyzed in their relation to each other.

¹⁶ To be precise, *ethos* can be understood to belong to the patterns of thought in the notion of habitus Schwingel (2003). However, in practice the analytical division appears rather redundant as the patterns strongly interact with each other and are not to be differentiated.

¹⁷ Practice accrues from the configuration of habitus and capital in a field (Bourdieu 1984, p. 101).

¹⁸ A related concept is *doxa*: it refers to the limits of what is thinkable. What sets this limit and lies beyond it, is what Bourdieu terms *doxa*. However, to reduce complexity I sought not to include this concept in the analysis.

are postures, gestures, ways of standing, walking, speaking. The strength of the ethos is that it is a morality made flesh” (p. 86).

Ethos as embodied morality is part of habitus, potentially Bourdieu’s central concept. Bourdieu defines ethos as an attitude that relates to habitus and cannot be clearly differentiated from it.

Habitus. This section serves the purpose of highlighting the usefulness of explicating ethos, especially in relation to the research interest. The overlap in the concepts habitus and ethos is relatively strong and sometimes the concepts were used by Bourdieu simultaneously (Rehbein & Saalman, 2009, p. 114). As I have established, ethos refers in Bourdieu’s terms to the ethical dimension of habitus.¹⁹ Another central aspect of the concept of habitus which has an implication for ethos is that it refers to the embodiment of tradition in a person (Bourdieu, 1984, p. 82).

Mostly, habitus is referred to structuring “schemes of perception, thought, and action” (Bourdieu, 1990, p. 54), which are embodied.²⁰ Bourdieu had keen interest in the regularity and persistence in people’s actions.²¹ The notion of habitus entails a “tendency, propensity, or inclination” towards a particular action (Bourdieu, 1997 [1977], p. 94), which can explain regularity. When people encounter new situations, they subconsciously draw on embodied patterns of thought, action, and practice acquired in their primary socialization. The various schemes that are automatically applied generate so many practices applied to various new situations and are hardly made explicit (Bourdieu, 1997 [1977], p. 94). While habitus is a generating and organizing principle, it shapes unconsciously, apart from discursive thinking. The unconscious aspect refers to forgetting the experiences based on material, social and

¹⁹ Rehbein and Souza (2015) found habitus rather to be the precondition to ethos. Habitus groups and ethoi were not completely congruent in their empirical work in Germany.

²⁰ While the notion of habitus has undergone slight changes throughout Bourdieu’s oeuvre, I aim to look at a rather basic and often cited definition of the concept.

²¹ Bourdieu (1987) sought to decode the *modus operandi* for the way and principles of generation action of practices and value orientations.

cultural conditions of existence during the genesis of the habitus. Bourdieu (1990) emphasizes the unconscious aspect incorporating history and translating into the presence in *The Logic of Practice*:

The habitus – embodied history, internalized as a second nature and so forgotten as history – is the active presence of the whole past of which it is the product. As such, it is what gives practices their relative autonomy with respect to external determinations of the immediate present. This autonomy is that of the past, enacted and acting, which, functioning as accumulated capital, produces history on the basis of history and so ensures the permanence in change that makes the individual agent a world within the world. The habitus is a spontaneity without consciousness or will, opposed as much to the mechanical necessity of things without history in mechanistic theories as it is to the reflexive freedom of subjects 'without inertia' in rationalist theories (p. 54).

Habitus develops under certain conditions, which are reflected to a certain extent in the habitus. The habitus patterns, therefore, incorporate elements of the objective structures.²² In that manner, conditions from which the habitus emerged are reproduced again. Thus, the objective structures are internalized in the habitus and transported into the present. Practice, therefore, results from the connection between disposition and the objective environment (Swartz, 1997). Following this argument, ethos entails structures of its primary socialization while concomitantly shaping the present structure by its subconscious application. In the reproduction of the objective structure, *habitus* serves as ordering principle. By acting in new situations in accordance with embodied patterns, a person can make sense of the world. While habitus defines borders to what is thinkable for practice, though subconsciously, there

²² The habitus is a structured object (*opus operatum*), shaped by the basic conditions (Bourdieu 1984, p. 172) of the social position.

are still possibilities within the framework. These conditions are decisive for people to develop dispositions and values and reinforce them within the same groups. Hence, habitus also enables people who share a similar habitus to make sense of their social world.

Not only does habitus entail history, it further possesses certain inertia. As habitus has the tendency to direct itself exactly to similar conditions as one knows how to respond, it is slow to adapt. Habitus gains a steadiness through its constant reproduction in situations that are perceived as similar (Bourdieu, 1997 [1977]). Hence, habitus is fairly resistant to change. Bourdieu calls this trait of the habitus the *hysteresis effect*. The term refers to the structural lag between aspirations and changing opportunities (ibid, p. 78-9). Following Bourdieu's assumptions, people's habitus is based on the social environment they grew up in. Therefore, they pursue different strategies for keeping or improving their social position. Yet, these strategies should not be confounded with choosing goals freely, as they are experienced within the borders of habitus in particular fields. Thus, the hysteresis effect in the ethos can serve as explanation for the persistence of some traditional elements in the capitalist spirit. Moreover, this project assumes that a group of people socialized in similar social environments, or sociocultures, make sense of their world sharing the same or a similar ethos.

Transformation in habitus and ethos. While the concept habitus appears to leave no room for modification as it is criticized for being too deterministic (Matthäus, 2014; Pfeffer, 1985; Rieger-Ladich, 2005), there are possibilities for change. However, habitus is only one among many other principles of practice generating. Specific conditions need to apply, so that habitus is not applicable anymore (Schwingel, 2003, p. 61). In practice in the industrial countries of the Global North most resources and conditions of actors or collective actors remain stable and therefore in practice there is hardly any modification of habitus (ibid., p. 66).

However, in societies that undergo processes of transformations and socio-structural change the habitus of people face exogenous influences with social structures and events that are too different for the habitus to react on them. Under these circumstances, one strand of interpretation argues that habitus tends to group into like-minded habitus groups, social classes in Bourdieu or also called social milieus, to achieve an environment with little criticism and crises (ibid., p. 79).

Ethic and ethos. As I mentioned in the section on Weber's use of the various concepts, I distinguish between ethos and ethic clearly. Bourdieu himself has used the word ethos in opposition to ethic to stress the set of dispositions and "practical principles" versus the ethics as coherent explicit principles (Bourdieu 1993, p. 86). Hence, ethics can be understood as reasoned and reflective judgments, whereas ethos is an embodied morality (Emmerich, 2016, p. 276).

Ethic arises on basis of ethos. As ethos is the core of the attitude towards life, ethic is built on that, with the effect of making a person feel congruent with its surroundings and thoughts. It is even more than a mere feeling of congruency. Bourdieu's concept of *amor fati* (love of fate) refers to the acceptance and love to the objective limits internalized in the habitus (1984, p. 244), and therefore also in the ethos. Bourdieu (1984) defines ethic:

An ethic, which seeks to impose the principles of an ethos (i.e., the forced choices of a social condition) as a universal norm, is another, more subtle way of succumbing to *amor fati*, of being content with what one is and has. Such is the basis of the felt contradiction between ethics and revolutionary intent (p. 175).

Connected to *amor fati*, thus the sense rooted in habitus for a specific place in the world, is the adjustment of subjectivity on the objective conditions. Bourdieu (1984) called the process *social ageing*:

Social ageing is nothing other than the slow renunciation or disinvestment (socially assisted and encouraged) which leads agents to adjust their aspirations to their objective chances, to espouse their condition, become what they are and make do with what they have, even if this entails deceiving themselves as to what they are and what they have, with collective complicity, and accepting bereavement of all the 'lateral possibles' they have abandoned along the way (ibid., p. 110-1).

Together with the hysteresis effect, social ageing provides explanations for the persistence of ethos. Furthermore, Bourdieu (1993) himself had raised awareness to the difference between ethos and ethic in fieldwork. When people are being asked questions, they would turn to ethic:

[S]imply by asking questions, interrogating, one forces people to move from ethos to ethic; in inviting a judgement on constituted, verbalized norms, one assumes that this shift has been made (p. 86).

So when posing question in the documentary method, the goal is to acquire implicit knowledge, not necessarily the explicit knowledge (p. 54). However, the latter is still useful in drawing an analytical distinction. This might be the example in times of unclear or yet unformulated ethics. Bourdieu (1984) found when ethics are just about to be developed, people tend to fall back onto their ethos:

The fact remains that, for problems that have not been brought into a personal or party 'line', agents are thrown back on their ethos, in which the social conditions of production of that ethos express themselves. This is true not only of ordinary agents but also of professional producers, intellectuals, sociologists, journalists or politicians. In the production of discourse (scientific or otherwise) on the social world, and in the definition of a line of political action on the world, it is class ethos that is called upon

to make up for the lacunae in axiomatics or method (or for insufficient mastery of these means of thought and action) (p. 420).

Concluding, ethos provides us with an analytical instrument capable of explaining coherent structure of morality applied in everyday life.

Eidos. Bourdieu distinguishes ethos also from eidos. Bourdieu had distinguished, once or twice as he says, eidos as “a system of logical schemes” and ethos as “a system of practical, axiological schemes” (1993, p. 86). Hence, eidos is the everyday theoretical idea of life (Papilloud, 2003, p. 42). Both terms are interlinked in the concept of habitus. Bourdieu (1993) states that “[t]he practical principles of classification which constitute the habitus are inseparably logical and axiological, theoretical and practical” (p. 86).

Furthermore, when Bourdieu argues that eidos and ethos are inextricably linked to each other, he refuses to make the theoretical distinction between the concepts. In his late oeuvre, Bourdieu considers both ethos and eidos to be facets of habitus rather than unique concepts (Papilloud, 2003, p. 42). Therefore, eidos as well as ethos belong to the implicit condition rather than to the explicit.

Conclusion

In this section I aimed to clarify the use of ethos preferred over other similar concepts in the analysis of the capitalist spirit. Although the use and thus notion of this term both in academia and popular use is often ambiguous, I have established that ethos describes more than mere ideology or worldview. Ethic and spirit were both too morally charged as notions and even lack a distinction to religious views. Bourdieu’s concept of ethos can grasp Weber’s concept of the capitalist spirit as it refers to an embodied morality. Ethic, again, would refer even more to the explicit side of the capitalist spirit than the implicit, incorporated side. In contrast to eidos, ethos refers also to the practical mastery of everyday life.

Ethos in Bourdieu's work refers to the ethical dimension in habitus. Hence, the same characteristics apply to ethos. Ethos is generated by the structure and shapes the structure simultaneously and subconsciously. It enables coherent responses to everyday life. The concept is fruitful for this research as it allows the reconstruction of the genesis of the capitalist spirit. Ethos enables the analysis of persisting elements, as well as the emergence of new hybrids as it entails incorporated historicity and the formula for generating new practice.

Furthermore, I explicated how ethos is situated within Bourdieu's Theory of Practice for a better understanding of the relations.

Finally, the transformative potential in ethos was discussed. Habitus, and therefore ethos, has been criticized for being too deterministic, which could be a difficult task then in the analysis. Yet, I sought to explain that when the structure is changed, there is room for change through the incorporation of the structure into the habitus, or ethos.

As this project seeks to analyze the persistence of traditional elements with the concomitant emergence of modern hybrids in the capitalist spirit in Gujarat, I apply ethos in respect to economic realm.

Bourdieu had referred to the particularities of the economic habitus. When analyzing the interview material, I aim to understand economics as socio-historically generated. Following this argument, ethos is socio-historically generated and concomitantly structuring. It needs to be viewed as product of practice, being created in reciprocity with objectified schemes. However, I am not primarily interested in the economic field and its logic, but in the emergence of the contemporary capitalist spirit. This project seeks to reconstruct the genesis of sociocultures as this concept enables the explanation of the simultaneousness of older layers in society with modern hybrids.

In the next section, the concept of sociocultures will be explicated. Analogous to the reconstruction of the field, though, I aim to reconstruct the genesis of the historical layers the sociocultures originated in in the analysis in the next chapter.

Introduction to Sociocultures

This section seeks to fulfill two related objectives: First, I will lay down the relevance of sociocultures for the analysis of the current capitalist spirit in Gujarat. Secondly, this section introduces the transformations that lead to the emergence of new sociocultures and the connection to habitus.

Boike Rehbein (2004, 2005, 2007) developed the concept of socioculture as a bundle of persisting layers drawing on Bourdieu's work. The concept of sociocultures enables the analysis of the asynchronicity of alleged traditional and modern concepts of the capitalist spirit that have been discussed in India, as I showed in the literature review.

Sociocultures. The concept of socioculture enables the analysis of different historicities within a society. This project argues that the persistence of the system of structures, cultures²³, and practices contributes to building the new form. The sociocultures inform the capitalist spirit. These persisting older layers of society are what Rehbein (2007) calls sociocultures. The concept of socioculture entails social structure and division of work from previous times that are persisting in contemporary society.

In fact we could conceive of society as a bundle of layers that comprise social structures and divisions of work from different historical times. I call these layers 'sociocultures' (Rehbein, 2011, p. 279).

Conventional models of social structure equate occupation with social position. Yet, the concept of socioculture comprises more than practices in the economic realm. In opposite to conventional models of social structure, Rehbein distinguishes between *social structure*

and *division of work*. This thinking is similar to aspects in Amartya Sen (2006) and Hannah Arendt (1958).

Sen's distinction between *capabilities* and *functionings* sharpened the attention on the opportunities of a socially valued life and the realized socially valued life. With Hannah Arendt's (1958) concept of *activity*, Rehbein expanded the notion of social practices to more than just labor.

Thus, social structure might be understood as the resources that are needed to perform practices in a society (Rehbein 2011, p. 279). Social structure refers also to Bourdieu's encompassing model of social structure with the introduction of other forms apart from economic capital. Thus, social structure is ultimately linked to –yet not identical with– the concept of work as activities and practices are defined by the division of work.

The division of work means the broad scope of practical expression of all economic organizational forms in a social formation. Thus, this approach is open to include all practices including non-paid activities. Caste had been subject to several scholarly discussions in India as well as abroad. Summarizing, caste is not static and hierarchical, but rather regionally different and embedded into other socio-economic processes and political formations (see Appadurai, 1988; Béteille & Srinivas, 1964; Dirks, 1987; Gupta, 2000; Jodhka, 2015; Srinivas, 1955; Tambs-Lyche, 1997). The struggles over social and financial power (Vakulabharanam & Motiram, 2012; Zacharias & Vakulabharanam, 2011) between the castes are relevant till present times.

Whereas in Rehbein's work on Laos (2005, 2007, 2011) the relation between various fields was of importance in the analysis as he was interested in the entire society, I limit the analysis to the realm of the business elite in Gujarat. Even though the concept of the field is among the central concepts in Bourdieu's theory, I seek to discard as it confounds social

²³ By culture, I refer to the notion in Jodhka, Rehbein, and Souza (2017) as the general organization of

structure and division of work (Rehbein, 2017, p. 114). Hence, including the economic field in the analysis of the sociocultures would miss the point of being open to several different combinations of resources more than the clear-cut concept of the field (see Fröhlich & Rehbein, 2014).

Recalling that Bourdieu's Theory of Practice entails that habitus and capital in the field shape practice, I argue that the same argument about practice can be applied to ethos as ethical dimension of habitus. Thus, just as practices have originated in different sociocultures and are subdued to the respective values and order (Rehbein 2011), ethos is expected to originate in a socioculture as well with similar implications.

Let us come back to ethos or even different ethoi originating in coexisting sociocultures. I expect several sociocultures to be coexisting, which entail incoherent versions of social structure and division of work. According to each socioculture, there are different social structures, divisions of work and values at work.²⁴

Persistence of practices due to institutions and habitus. The concept of sociocultures gives an answer to the question on the persistence of practices (Rehbein 2017). There are two reasons: the corresponding institutions still exist when they are not reworked by a large-scale transformation. The second reason lies in the persistence within people, which refers to embodied modes of action and thinking that people carry around from their primary socialization.

Notwithstanding, this work aims to clarify not only the persistence of traditional elements in the ethos, but also the newer elements and how they found their way into the ethoi. Thus, while some sociocultures persist and shape the current values and practices, large-scale transformations might cause breaks within a tradition line. Hence, some traditions

practices in the anthropological sense.

²⁴ Rehbein (2007, 2011) found three sociocultures in Laos through his empirical work, organized differently in their social structure and division of work according to each socioculture.

might be passed on from one generation to the next, some are transformed, or some even disappear.

Pertinent to the analysis is to extract a clear-cut pattern on socioculture. Institutions are part of the structure. As habitus incorporates structure, institutions contribute to the persistence of socio-historical elements. Hence, when institutions persist, part of the socio-historical origin persists.

Large-scale transformations change sociocultures. Large-scale transformations can bring alterations to sociocultures. Hence, even though specific historical conditions and processes shape present practices and values to a great extent, not all elements persist. Research in Laos (Rehbein, 2007) had shown that large-scale transformations lead to an alteration of existing structures.

At this point, I address the question of interest in our quest to analyze the changes and transformations in the capitalist spirit. Which factors might actually alter the existing capitalist spirit? Following the argument that ethos is produced in a socioculture, I need to reconstruct factors that change the socioculture. Thus far, the only empirical work on sociocultures was undertaken by Rehbein (2007, 2011). In Laos, Rehbein reconstructed three historical layers of sociocultures: baan-muang, socialism (to some extent colonialism), and capitalism. However, baan-muang proves to be more resilient than other historical layers.

Rehbein (2007, 2011, 2017) found that Laos had experienced three major transformations in its recent past: colonial rule and the struggle for independence; a socialist revolution, and the introduction of the market economy. These changed social structures and division of work as well. However, the transformations did not bring about a complete transformation of society, but added a new layer, which results in the - at least partial - reconfiguration of existing structures.

To illustrate the meaning of this theoretical concept, I will briefly take a look at some transformations that informed new sociocultures. European colonialism had changed patrimonial structures into bureaucracies binding citizens into the same political and administrative structures (Rehbein 2011, p. 285). In present times, global capitalism is generating new cultures. While patrimonial structures still exist, the global capitalist influence introduces new competitive market culture in areas without the stronghold of patrimonialism (ibid., p. 290). Thus, as one might expect the economy and related institutions are transformed into a capitalist market. Global capitalism is, furthermore, interpreted in other social environments according to the respective socioculture and finds hybrid expressions.

Thus, Rehbein showed that sociocultures inform the contemporary social structure and division of work. Notwithstanding, contemporary social structure and division of work are not identical with sociocultures. Sociocultures are reconfigured by the nation state, global capitalism, or transnational links (ibid., p. 280).

While the concept of sociocultures is based on Bourdieuan concepts, Bourdieu himself had “disregarded the historical dimension of sociocultures and the coexistence of different layers of social structure within one society” (Rehbein, 2017, p. 19), possibly due to the belief modernization theory and the “apparent uniformity of a Western society” (ibid.). Hence, with the notion of socioculture, this research seeks to overcome the idea of modernization and essentialism in culture that I had addressed in the previous chapter. Notwithstanding, the aim is to take into account the historicity and hybridity of the capitalist spirit in Gujarat.

Habitus and sociocultures. In order to pursue this course of analysis further, I will further elaborate on the relation between habitus and socioculture. I have established in the first part of this chapter that habitus is rather slow to adapt. Furthermore, habitus is developed

and reinforced in a particular social environment. As the specific social environment is situated in a socioculture, one can conclude that habitus is shaped in a specific socioculture and reproduces it to a certain extent. Furthermore, this implies that with a socioculture being homologous to a certain extent, it concomitantly means it is different to other sociocultures. Hence, habitus and therefore ethos are socioculturally different.

The German sociologist Michael Vester argues that habitus and patterns of action are passed to the next generation on basis of *tradition lines*, genealogical lines: a concept similar to *socioculture* in following the historical dimension in Bourdieu's work (Vester, Oertzen, Geiling, Hermann, & Müller, 1993; Vögele, Bremer, & Vester, 2002). Both are developed further and then varied in the next generation. Rehbein (2011) specifies the relation between socioculture and habitus further. According to him, habitus is developed within a specific social environment that is "at least partly a persisting socioculture" (p. 280). Therefore, I argue that habitus is an "embodied socioculture" (Rehbein 2016, p. 120). Moreover, habitus is not coextensive with socioculture as the social environment of a person is only part of a socioculture and does not comprise the entire socioculture (ibid.). While a habitus might be shaped by several sociocultures, it is mostly rooted in one specific (Rehbein 2011, p. 288).

Milieu and socioculture. In order to clarify the findings of the analysis of the empirical material, which might point to either milieu or socioculture, I will make a brief detour to *social milieu*. Introducing the concept of milieu, it might be beneficial to highlight that socioculture refers not to a group in opposite to milieu. Milieu is a segment within a socioculture.

Bourdieu had talked of classes, yet he differentiated them further than conventional class analysis had done previously as he developed the expanded concepts of forms of capital. However, the concept of milieus had been developed only later mainly by Michael Vester et al. (1993) based on Bourdieu's work. Milieu refers to a social group with similar

habitus and forms of capital. Within a socioculture, milieu corresponds to one hierarchical level measured along the lines of social structure and division of work. “A milieu can be defined as a group of people sharing a similar habitus and resources – in a particular configuration of sociocultures, social structure, and division of work” (Rehbein, 2011, p. 280).

The analysis of my empirical material pointed rather into the direction of *sociocultures*. However, as the sampling suggested a particular segment within the social structure, namely the business elite, the picture might be slightly deterred. Thus, especially during the final stages of the analysis, the sociogenesis and formation of types in their relational dimensions, the possibility of milieu was considered an alternative to socioculture. This is indicated in the empirical analysis presented later in the work.

Conclusion

This section sought to explicate sociocultures as concept to grasp the persisting elements in the capitalist spirit with concomitant emergence of the modern hybrids. Socioculture can explain this emergence as incoherent versions of social structure and division of work exist in sociocultures.

Two assumptions underlie this project for the persistence of structures: the corresponding institutions still exist. The second reason lies in the persistence within people, which refers to embodied modes of action and thinking that people carry around from their primary socialization. Therefore, I argue that ethos is partly an embodied socioculture.

Large-scale transformations bring changes to the respective social structure and division of work. Contemporary forces like the nation state or global capitalism alter or reconfigure the socioculture and subsequently the ethos. Finally, I illuminated on the concept of milieu that refers to a habitus group.

In summary, within the framework of sociocultures, I can integrate the idea of the Weber's spirit of a habitualization of the spirit as I stay away from the analysis of the meta-level but focus on the dispositions in people in response to the structural level. Hence, I seek to follow an understanding of Weber's *spirit* as this sense-making and structuring of the world: an *ethos* (Diaz-Bone, 2012, p. 103). Moreover, Weber argued that the *spirit* was not only individual, but needed to be analyzed in its empirical socio-historical origin (Weber, 1992 [1904/5]). The concept of *sociocultures* enables this approach as it entails historicity of contemporary division of work, social structure and culture. This research incorporates historic transformations, structures and culture in their significance for contemporary *sociocultures* instead of solely narrating history.

In the following chapter on methodology, I seek to explicate how the concepts were implemented in the research design.

CHAPTER 3. Methodology

In this chapter, I seek to provide some reflections on the method and the needs to modify some analytical steps. I aim to neither merely lay down the methods used for scientific purposes nor to reconstruct completely every step in my process as Kruse (2014) had suggested.

I conducted 17 qualitative interviews with members of the business elite in Gujarat from December 2013 until February 2014 in Ahmedabad and Baroda. The construction of the semi-structured questionnaire, the process of conducting as well as the analysis were done according to the *documentary method*.

First, I argue why choosing a qualitative method such as the documentary method is pertinent for this research interest connected to the theoretical assumptions. Secondly, I provide details about the analytical steps of the method and which modifications I undertook. Moreover, I introduced factors from secondary literature on elites and management that I had used as alternative search strategies after reconstructing dimension from the interview material. These steps are all relevant for reconstructing the *ethoi*.

In the third part, I will lay down which elements I borrowed from the last step of the combination of socio-genetic types and relative dimensions to reconstruct the *sociocultures*.

In the fourth part, I focus on the large-scale transformations that I extracted from the previous socio-genetic typification and the reconstructing of relational dimensions. The transformations are the origin of the sociocultures.

In the next part, I seek to explicate the sampling approach that was borrowed from empirical elite research as this research focuses on the business elite in Gujarat. Clarifying the incorporation of the notion of elite I give a brief overview over elite theories.

Then, I shortly present the structure of the questionnaire that entails the logics of the documentary method as well as some topics from the NSC. Moreover, I explicate the way the interviews were conducted.

Finally, I reflect upon the use of the method regarding my situatedness.

Qualitative Approach

Studying the emergence of the capitalist spirit in Gujarat with a focus on its hybrid character it became clear quite immediately that research should be conducted with a qualitative approach. Qualitative research enables studying social phenomena that are too complex and unknown to be studied quantitatively. The theories were not set from the beginning but were chosen in the process of analyzing. As the context decided which theories would fit best the study can be categorized as inductive research (Gillham, 2008) being aware that researchers usually do possess subconsciously preconceived notions. I reflect upon the search strategies in the analytical steps of the method.

One of the central starting points of qualitative research lies in understanding the meaning in human action (Mayring, 1992). Quantitative analysis, in opposite to that, aims to analyze the alleged objective access to a person's action and explaining phenomena in their causal relation without further room for interpretation. Mostly, quantitative research seeks to test hypotheses (Przyborski & Wohlrab-Sahr, 2014). The scientific reconstruction of the implicit everyday action is an act of reconstruction already, which makes qualitative research reconstructive per se. As the researcher aims to understand someone else's understanding of the social world, the understanding and reconstruction of the researcher is called reconstruction of the second degree (Schütz, 2010).

Gaining access to meaning in human action is more difficult than it may first appear. Everyday language contains a specific *vagueness* (Garfinkel, 1964, p. 229). Understanding social action articulated through communication therefore not as easy as it may appear.

Utterances of interaction partners require specific context knowledge to be understood accurately. The mere utterance by itself can be interpreted in various ways. Utterances alone only indicate meaning and give references within a specific context. It is background knowledge, a sketch, or an orientation that enable understanding human action (Schütz, 2004 [1932], p. 201). Hence, in order to understand the sense in human action, qualitative research needs to gain access to the specific meaning of utterances for the interaction partners (Garfinkel, 1967). This perspective on sociological research had not always been established. Max Weber, for example, had not distinguished between own and foreign action in his notion of social action.

Alfred Schütz criticizes Max Weber's notion of social action as there is no distinction between act and action, and between self-understanding and *foreign understanding*. Weber was not interested in the specific way of constituting meaning for the actor or the modification of that meaning to some else (Schütz, 2004 [1932], p. 5). However, Schütz also drew on the understanding of the subjective meaning remaining uncritical of the common-sense constructions.

To Weber, understanding and explaining meaning may as well go together. Sociology was "...the science which attempts the interpretative understanding (*deutend verstehen*) of social action in order thereby to arrive at a causal explanation of its course and effects" (Weber, 1978 [1947], p. 88). This understanding results also in the lack of the distinction between qualitative and quantitative analysis that was made above.

Yet, there are various meanings between interaction partners that remain disguised for outsiders. Thus, understanding is more difficult, the farther people are apart biographically or culturally. Nonetheless, explicating this intuitive understanding is more difficult, the closer biographically and culturally a person is to the object of research (Przyborski & Wohlrab-Sahr, 2014, p. 16) as a person draws on the knowledge banks without explicating. Even in

surroundings that are familiar, there is a certain amount of foreign understanding (Schütze, Meinefeld, Springer, & Weymann, 1973), especially in research surroundings. Thus, qualitative research needs to take foreign understanding into account, yet in a systematic way: either in a standardized way to eliminate the fuzziness of vagueness or to gain controlled access to foreign understanding. The approach to the latter was mainly developed by Schütze et al. (1973) incorporating the referential context in the analysis of utterances. As this approach takes into account the context, the analysis incorporates the respective socio-historic structures of meaning.

Karl Mannheim distinguished between three levels of meaning: the objective meaning (what-content), the intended expressive meaning (what for-content), and the documentary meaning (how-content) (1964 [1921–1928], p. 104). The first two layers refer to explicit utterances, whereas the documentary meaning refers to the implicit meaning. The empirical reconstruction of qualitative research focuses on the latter. The intended expressive content is held to be impossible to be identified. The implicit, atheoretical knowledge is reconstructed, on which action is based. Mannheim (1980 [1922–1925]) refers to it as conjunctive experience, which remains in the subconsciousness.

Similarly, Ulrich Oevermann (1993, pp. 130–132) is interested in the unintended meaning structures. In Oevermann's method of *Objective Hermeneutics*, the relations between manifest intentions and latent meaning of utterances are of interest, more specifically the contradictions, and tensions between both. The reconstruction of meaning is done on basis of texts as record of interaction. The object of the analysis is the symbolic representation of utterances and interaction (Oevermann, 1986). The method can be regarded as objective insofar as it seeks to guarantee a more systematic approach instead of gaining access to subjective meaning through controlled access to text.

Overmann's approach underlies the basic assumption that interaction is based on social rules (Flick, 2014, p. 237) that are subconsciously applied: tacit knowledge. Rules shape the framework of possible action. This regularity of action could be traced back through the objectification in texts. The method takes into account the variety of possible action through "thought experiments" of different stories and contexts. Similarly to Max Weber, the method aims to connect the understanding of particular phenomena, but also to explain them in relation to objective action problems.

The main critique on Overmann's method lies in the alleged objective knowledge of the interpreter (Bohnsack, 2003, p. 555). Thus, the method does not sufficiently solve the problem of generalizing cultural knowledge bases and norms. Ralf Bohnsack follows Karl Mannheim as his documentary method seeks access to *how* meaning is constructed. Bohnsack follows the tradition that aims to break with the construction of the common sense. Interpreters do not know more than the actors, they rather know that the actors are not conscious of their latent knowledge. The documentary method was chosen in this project to gain access to the capitalist spirit in the business elite in Gujarat. Therefore, in the following the method is laid down in detail.

Documentary Method

Collecting and analyzing of the interview material is based on the *documentary method* (Bohnsack et al., 2007; Nohl, 2009). It aims not only to analyze the factual truth of an account, but *how* the practical orientation of the narrator emerges in the account (Bohnsack et al., 2010). The *how* refers to the *modus operandi* in Bourdieu's work. As I am interested in asking how the ethos emerges and what it is informed by, the documentary method is fruitful as the *modus operandi* is precisely the habitus or ethos. Therefore, this analytical tool suits the aim of reconstructing not only the contemporary capitalist spirit in Gujarat, but also its emergence and transformation. The documentary method asks for *how* social and cultural

facts are constructed and obtain significance (Bohnsack, 2001). Thus, the method aims to gain access to the spaces of experience with their implicit knowledge bases and reconstruct also their overlap (Bohnsack, 2010, p. 64). In this research the spaces of experience are the *sociocultures* (Rehbein, 2007) which inform the *ethoi* (implicit knowledge). The differentiation of the *ethoi* is *how* they deal with similar events or situations. Thus, for example when asked to talk about the relation between boss and employee, the various *modi* of *how* they narrate about the relation is precisely the difference we aim at reconstructing. As opposed to Boltanski and Chiapello for example, who undertook a discourse analysis on managerial literature, I aim to gain access to the practical mediation of the capitalist spirit among the business elite.

Qualitative analysis raises the claim to be able to identify the singularity and individuality of each case in opposite to quantitative methods. The *Chicago School* in the 1920s and 1930s or the *Grounded Theory* by Glaser and Strauss (1967) had shown that the reconstruction of single cases and the comparison with other cases can be fruitful to each other. The documentary method connects the reconstruction of a case with comparative analysis and type building (Nohl, 2013).

The method gives explanation to the emergence of simultaneousness of hybrid traditional and modern elements in the capitalist spirit as it allows reconstructing how topics are dealt with and in which orientation framework they emerge.

My main interest was not directed at finding out whether the interviewee's depiction corresponds to the truth. However, the documentary method as process analysis allows differentiating everyday activities and behavior from theories, intentions and norms (Bohnsack et al., 2010). The basis for this technique is Karl Mannheim's (Mannheim, 1980 [1922–1925]) differentiation between *atheoretical* (tacit or implicit) and *communicative* (explicit) knowledge. The research questions are studied using the methodologically

controlled access to the atheoretical knowledge bases, which are assumed to be guiding actions (ibid.). Instead of asking for the objective meaning of action, the documentary meaning of action inquires how practice is produced or accomplished. In this research, this allows referring to Pierre Bourdieu's ethos, which is the atheoretical knowledge base. It refers to how relevant topics in the material are dealt with.

This method shares with objective hermeneutics (Oevermann, 1979) and Fritz Schütze's *narrative interviews* (Schütze, 1987) the aim to reconstruct the action guiding structures of a subjective meaning. However, in contrast to the objective hermeneutics and the narrative interview, the documentary method puts weight on the case comparison to control the results and diminish the problems of the researcher's nostrification (Nohl, 2013, p. 22). Contrarily, the documentary method shares the case comparison on empirical basis with the grounded theory (Glaser & Strauss, 1967) to reconstruct several dimensions in experience and practice.

Overview over analysis. According to the documentary method, the following steps seek to give further insight into the analysis in this research. The questions are designed to be narrative-generating and were deepened by immanent narrative follow-ups during the interview (Nohl, 2009). The reconstruction was done on basis of transcribed interview (guidelines are included in Appendix B) in a sequential analysis comprising an abstractive *formulating interpretation* as well as a *reflecting interpretation*. First, the *formulating interpretation* aims to decode and formulate the *topical structure* of the interview text. Subsequently, the reflecting interpretation seeks to reconstruct the framework of orientation. Categories need to be generated through a comparative sequential analysis within an interview and between interviews. Drawing on all interviews is essential as comparison range. Therefore, I attempt to characterize the way, how the interviewees refer themselves to the topics of the interviews in their utterances in comparison. This should help in diminishing

the problem of *nostrification* – bringing in the interviewer's own implicitness (Matthes, 1992). Moreover, the theory of Boltanski and Chiapello (2005) serves as part of the comparison range. The findings of the different spirits in France are taken as potential follow-ups. Even though the search strategy was shaped by theoretical assumptions and everyday experience, especially the detailed reconstruction of the cases aimed to incorporate aspects of the cases for the typification that were beyond the presupposed knowledge (Nohl, 2013, pp. 53–54). Thus, the approach always bore in mind to develop an empirically founded theory on basis of the typification.

In the sequential analysis, continuities in action of the interviewees are identified. These implicit regularities of experience in the different situations, organizations or milieus and the respective orientation frameworks are reconstructed. The underlying assumption is that potential follow-up utterances are in an *atheoretical* form (Nohl, 2010). This atheoretical knowledge is usually not explained by the narrator. Therefore, an empirical comparative reconstruction needs to be undertaken by the researcher.

The comparative analysis plays an essential role in the documentary method since the framework of orientation is assumed to develop itself only in relation to other groups or cases. Its analysis needs to focus on the comparison with other groups or cases. Thus, significance or meaning is not objective, but it is established in the particular context (Bohnsack, 2001, p. 335). The project is especially interested in how the same topic is dealt with by different people or in different situations or contexts and what the background of this difference is. In contrast to other qualitative methods such as Glaser and Strauss' (1967) grounded theory or Alfred Schütze's (1987) narrative interviews and biographical analysis, this analytical tool aims at incorporating multiple dimensions instead of just one.

Most studies using the documentary method reconstruct socio-genetic types, yet reconstructing relative dimensions and contextualized typification are alternatives to reach

the aim of taking into account the multidimensionality of social phenomena (Nohl, 2013). In this work, I had first followed the path of reconstructing socio-genetic types, mostly along the lines of sampling, which led me analytically to social milieus. Yet, the reconstructing appeared to lack the multidimensionality that I had found in the empirical material.

During the analytical process I oscillated between the empirical material and the underlying theories, which became especially evident in the later stages of the reconstruction of the socio-genetic typification and relational dimensions.

Four different steps of interpretation. In order to understand the different steps of interpretation, we will have a look at them in more detail. The documentary method entails four steps of interpretation.

Formulating interpretation. The documentary method asks the interpreter to listen first to the audio tapes of the recorded interviews, writing down the topics of each interview before transcribing, and then transcribing only relevant passages (Bohnsack, 2007). In this project, I transcribed all interviews first completely due to some potential difficulties arising in the understanding of language and accent. The earlier I transcribed the material after the interview, the more likely it appeared to obtain the complete narration. I transcribed for pragmatic purposes only an indication of pause, intermittence, omitting volume, tone, length of intermittences or pauses etc. During four interviews in government-owned companies²⁵, I was only allowed to take notes since audio-recording is not permitted in the companies. Therefore, I wrote down protocols afterwards, in which I included the reflecting interpretation to not miss out on this precious material.

Thus, I opted for going through the written down material in opposite to listening to the audio material, noting down the *topical structures* in chronological order (Bohnsack, 2007, p. 135) to obtain relevant topics for the analysis. On the one hand, relevant topics

²⁵ The fifth interviewee from the public sector gave permission to audio-record the interview with him.

meant those decided on prior to empirical research through the research questions. On the other hand, relevant topics were identified by *focusing metaphors*: points at which the interviewees talked about in much detail, passionately or metaphorically (ibid., p. 45). These culminating points in the dramaturgy of the discourse refer to the *conjunctive space of experiences* (Bohnsack, 2002, p. 5). Since these spaces can refer to different dimensions (social background, generation, gender etc.), the different possibilities of dimensions were therefore taken into account in the analysis. Lastly, the topical structures help identifying topics that come up in several cases and thus shift focus on a comparative analysis (Bohnsack, 2007). This enables to abstract reconstructed orientation frameworks to a basic typology based on the research interest (Przyborski & Wohlrab-Sahr, 2014, p. 303) later in the reconstruction of ethoi and sociocultures. Moreover, the passages need to be comparable to other cases.

Then after reviewing the interviews' topical structures, seven topics were picked for comparison. Relevant for the research appeared to be life course, leadership qualities, characteristics of employees, working culture/organizational structure²⁶, social and philanthropic activities, previous management generations, and global economic market. As focusing metaphors were identified entrepreneurship, trusteeship, family, education, trust, merit, growth, professionalization, which were in various relations with most of the topics. After these preparations, the interview segments were analyzed sequentially to find changes in topics. A summary for every subtopic under a principal topic was written down in my own words to obtain an academic distance to the text (Schäffer, 2006).

Reflecting interpretation. After this step I applied the reflecting interpretation to gain access to *how* topics were presented. The perspective on how a topic is narrated is the core of the documentary method. In research practice, I regarded the second segment as a given and

adequate continuation of a first segment during interpretation and aimed to discover alternative versions for this second segment. Thus, the reconstruction of regularity of meanings was done by looking for alternative, homologous or functionally equivalent follow-up utterances that could substitute the follow-ups. First, the comparison range stemmed from my knowledge as *gedankenexperiment* (Przyborski & Wohlrab-Sahr, 2014), and it was broadened with each segment and case (Bohnsack & Nohl, 2007). This broadening represents the difference to objective hermeneutics (Nohl, 2013) as the comparative analysis intends to overcome one's own nostrification. Here, finding the *maximal contrast* could help in highlighting some specifics of the cases, while also pointing to the embedment into various orientation frameworks due to several different dimensions.

The questionnaire encouraged narrations. This had led to interview texts rich of narratives, but also linked with descriptions and argumentations. This step differentiated text genres to identify narratives, based on Fritz Schütze's narrative structure analysis: *narratives*, *argumentations*, *descriptions*, and *evaluations* (Schütze, 1987).

In *narratives*, the interviewee talks about actions and events with a beginning and an end, in a chronology sequence. An example for a *narrative* is the following transcribed interview segment:

Well, I think our family is in Ahmedabad for almost four hundred years and we're able to trace our history for some eleven or fourteen kind of generations, so this is a family with history and uh. My grandfather's father founded the group in eighteen ninety-seven. So, the first textile company was started by my grandfather's father.
(interviewee no 3).

In *descriptions*, the interviewee talks about recurring courses of action or established facts:

²⁶ Interviewees opted telling sometimes about either one of them, their subconscious choice was included in the analysis. Therefore, I list them together despite the awareness of their difference.

Uh well I'm a civil servant on secondment to this organization uh. This company as you know is uh is uh an enterprise set up by government of Gujarat having a shareholding of thirty-eight percent of this enterprise uh...balance is shared. So, the managing director uh is normally seconded from government. (interviewee no 7)

Argumentations refer to the reasons and conditions of one's own or someone else's actions:

You may find a person with high integrity, but it has not competence, does not work.

If you have high-high competence, but they-the integrity is suspect, does not work.

[...] (interviewee no 9)

*Evaluations*²⁷ refer to evaluative statement about the narrator's own or someone else's actions:

[...] we do face this challenge of filling the leadership positions, because-because just there's no easy way of doing that. It is a long-drawn-out affair. (interviewee no 17)

After story-telling prompt by the interviewer, the interviewee starts narrating and finds himself or herself in an *impromptu narrative*. Fritz Schütze (1987) argued that the interviewee feels impelled to fulfill narrative obligations or becomes entangled in his or her experiences. Thus, the interviewee gives profound details of his or her experience throughout the narration. The underlying assumption is that 'reality' is always constructed and therefore narratives are closely connected to the interviewee's subjective experience (Nohl 2013). Thus, while argumentation and description are understood as explicit knowledge, narratives and evaluations provide access to the direct practice of action (Bohnsack & Nohl, 2007). The distinction between atheoretical and communicative knowledge, however, is simply analytical. In practice, people confound *narrative/description* and *argumentation/evaluation*, which can be seen in the transcription segments above (Mannheim, 1980 [1922–1925]). Moreover, explicit knowledge should not be neglected in the analysis while seeking to

²⁷ The conceptualization of *evaluations* deviates from Schütze's (1987) approach.

analyze the meaning behind the utterance. For example, the explicit use might not mean that there is not a highly similar implicit knowledge connected to it. The explicit statement might be made due to the interview situation or even in a struggle over the implicit knowledge. This comparative sequential analysis needed to bring about multidimensional typologies, which could lead to a generalization of the empirical results (Bohnsack, 2007).

Sense-genetic and socio-genetic formation of types. In the next step of the sense-genetic typification, different frameworks of orientations were reconstructed, in which topics or issues were dealt with. As *tertium comparationis* (Nohl, 2010) served first of all the open narrative entry question on the interviewees' life, which mostly led to biographical narrations. However, I could observe a distinction towards other, similar cases that I would later reconstruct as types. The contrast is highly decisive in this analytical step. Here, the interpretations of the different modi of interpretations proved to be the first hint to the typifications. I had reconstructed three different types, which could be most decisively differentiated by their life course. The orientation frameworks were abstracted from the individual interviews and formulated as types. In this step with the life course as *tertium comparationis*, the *basic types* could be named: *educational oriented*, *performance/professionalization or merit oriented*, and *prestige/family oriented*.

However, in contrast to the understanding of the documentary method which clearly separates the *sense-genetic* from the *socio-genetic typification* in its focus on either a dimensional or multidimensional analysis, this research took into account the promise of the method of a continuous comparison in its similarities and contrasts. Hence in this step, I would already reconstruct several further dimensions that could not be neglected. This approach became obvious especially on basis of the interview material. The first question proved to offer an almost clear-cut typology as the cases appeared highly homologous as types. However, the following story-telling prompt on managerial issues provided rather

complex narrations, in which several intersecting factors or dimensions were found. The following utterances were not homologous but differed in their sequence. There were several intersections between what we had reconstructed as first typology from the entry narration. Thus, I systematically changed the *tertium comparationis* first according to education and family that appeared obvious from the entry narration and then subdivided education as well as family again, which brought us to the reconstruction of the first three or four types. Education, family, professionalization/performance, and merit turned out to be significant dimensions. While the prestige/family type appeared more traditional, this image changed with the following questions on managerial issues. While education appeared to be highly central in combination with a personal career for the educational orientation type, education also played a significant role in the one subtype of the performance or merit-oriented type. In the other subtype of performance or merit oriented the family played a concomitant significant role. Thus, already in the first entry question occurs an intersection of the dimensions.

This multidimensionality is intended to be part of the documentary method. However, the search strategies that arise from the differential categories are usually theoretically presupposed and therefore problematic. If we are truly seeking to be open about the empirical results, we need to be at least aware that the reconstruction comprises of the theoretical assumptions. The differential categories do not arise from out of the blue. However, initially I continued with the method in its four steps.

Deploying contrasts to other types I reconstructed three types, as one type had less contrasts than similarities to the other (merit more similar than the contrast between hard work and technical skills). The division line was along education and personal career between the public sector and the private sector, which was mostly distinguished by public sector interviewees. The private sector possessed majorly one division between family and tradition

on one side, and merit on the other side, which could be either on hard work/performance or technical skills/education.

The cases became more heterologous in the following analysis and had more and more intersections depending on the tertium comparationis. After varying the tertium comparationis several times, which was picked according to the emphasis and multiple appearance in the interviews (such as education, family, philanthropy, social reputation, focus on technical performance of company, financial performance of company, private interests, customer centricity, management skills, and meritocracy), I reached the three types of *personal career orientation*, *hard work and innovation orientation*, and *built on tradition*.

The step of the socio-genetic typology had clearly shown the division between public sector and private sector. The other contrast among cases in the private sector had been between narrations on the business tradition of the family and the merit centered accounts of the other cases. However, the contrasts between the types as well as their supposedly clear origin was withheld and finally applied at the end.

Most significant for this analysis is the dimension of the socio-genetic type as it refers to the origin of the capitalist ethoi. However, when I aimed to deploy the supposedly last step of the socio-genetic typology, I realized that there were more dimensions to be reconstructed. The cases appeared to possess references or relational dimensions, which I became aware of during early steps of the formulating interpretation when identifying the topics and focusing metaphors as I had indicated above. Therefore, I sought to reconstruct the relational formation of types. This step put more stress on the connection between the types. Based on my theoretical assumptions, the relations between the dimensions could be referred to the asynchronicity and the contemporary forces that intersected the ethoi.

Initially when I started the research, I was interested in the capitalist spirit with the assumption of social milieus as their origin. Thus, there was a slight division in interpretation

in my assumption. However, I had not stressed the asynchronicity of the spirit as well as potentially seeking for something else than social milieus. Thus, during the analysis the further dimension made me finally interested in establishing relations between the dimensions. I varied my search strategies during the course of my analysis adding more dimensions, while also setting aside some dimensions that proved not be as significant for my research interest.

Relational formation of types. Relational formation of types appears to be a potential solution to this problem as an alternative step in the documentary method (Nohl, 2013). The relational type formation can be applied to social relations that are still emerging or as in this case where the multiple levels of hybridity with several intersecting factors are supposed to be analyzed. Hence, the search strategies for types are not available yet theoretically on relevant dimensions of social heterogeneity. However, the typified frameworks of orientations were not solely drawn on the underlying spaces of experience. Thus, the multiple level design can take into account the difference of social processes, which are evoked by the variety of levels they take place in. Therefore, it is able to take into account the assumption of sociocultures as well as other levels relevant for the same case at the same period of time. In short, the respective socioculture in addition to the contemporary society with its social forces inform the ethoi.

I had struggled in the reconstruction of the socio-genetic types mainly according to my reflection due to the implicit categories in my sampling, meaning the focus on the supposed homogenous social milieu of the business elite or indicators from studies on elites and management values such as the ranking according to revenue. Stepping away from these preconceived notions, I sought to develop a different approach. At that time, my theoretical assumptions had not included the concept of *sociocultures*. I did bear in mind the concept of *social milieus* as explanation for the differences in *ethos*. Yet, the concept of social milieus

entails historicity to some extent as milieus are rooted in different sociocultures. Yet, the focus would rather be on the social group than on the asynchronicity of social phenomena that I reconstructed from the empirical material.

People, in the supposedly same social milieu, draw on different classifications or accounts of legitimation. However, this was not only between the cases, but also within the cases. Thus, the concept of *milieu* appeared to lack the explanation for institutions that were significant such as distinct business organizational structures or the transformation of the necessary resources most obvious in the difference between private and public sector, but also among the private sector as established symbolic resources cannot be effortlessly maintained via rather new innovative industrial sectors.

Studies on bordering topics suggest certain indicators to explain differences in management values or elite perspectives. I lay down the indicators in the next section as well as some further indicators that need to be taken into account when working on Indian social structure such as caste, but also gender. However, sociocultures appear to suggest an alternative way to either of these two analytical angles. Sociocultures entail the asynchronicity of contemporary capitalist spirit as well as institutional and cultural factors.

Until now, there is no standardized analysis for the relational formation of types. However, I proceeded similarly as described by Nohl (2013). Therefore, I sought to develop an alternative step as Nohl (2013) had suggested in one of the studies. Thus, I listed the main topics from the second part of the questionnaire on pieces of paper such as leadership, employee qualities, working culture, and previous management styles - topics on which I had narrations in all the interviews. Afterwards I identified all relations between the dimensions and in which interviews they appeared. In that, I must admit, highly complex way, I was able to establish relations between various adjectives, *modi*, abstracted interpretations, and focusing metaphors. These sketches provided me with an overview for the relational analysis

as the relational dimensions appear rather unstructured in 17 interviews and appear at various instances. Then I reconstructed a combination of the relational dimensions and the socio-genetic typology again with all interviews.

Moreover, I incorporated further secondary literature as my analysis sought to compare its reconstruction with findings from secondary literature. My search strategies entailed these dimensions as well, which are reflected upon in the next section.

Dimensions from Secondary Literature and Reflection on Background Factors

After the first analysis of the interview material, I had taken into account some background information as factors to explore further relational dimensions that might have remained unnoticed in the first step of the analysis. Thus, the analysis was primarily based upon the interviews themselves, and was later enriched by further factors to gain a broader perspective on potential relational dimensions. This further check-up, or expansion of search strategies, was intended to counterbalance the focus on social milieus.

The factors were taken from empirical studies on top managers, and business in India. The sample was taken from the *Economic Times Top 500 Companies List in India* (2013) from 2012, published in March 2013, and was ranked according to *revenue*.

Even though the interpretation of the interview material is based upon and started with the material itself, some factors need to be considered. I had chosen factors on the companies in addition to *revenue* such as *market capitalization*, *net profit/PAT*, and whether the company was in a *capital-intensive* or *labor-intensive* industry (Hasan, Mitra, & Sundaram, 2013; Sen & Das, 2014) and parallelly the *number of employees* and its *founding year*.²⁸ In general, I would like to remark that *revenue* as primary key indicator taken from the Economic Times Top 500 Companies in India list might cut out some companies that have relatively high *market capitalization*, *net profit* and *wealth* of the promoter. However,

since I had to decide on one single indicator provided by the list I chose revenue and included the other two in addition as check-up dimensions. Market capitalization and net profit need to be taken into the analysis in addition to revenue to gain a more comprehensive picture of a company's significance. Market capitalization reflects a company's value, while revenue shows a company's top financial income and net profit the bottom income. These indicators need not necessarily to be linked with each other. However, I could not reconstruct one factor to be significant for the *ethoi*. Wealth of the owner and interviewee was only given in the private sector as the public sector majorly has small earnings and wealth.

I had found that all companies were in capital-intensive industries, which is backed by literature on the manufacturing industry in India (Hasan et al., 2013; Sen & Das, 2014), except for two textile companies that have however in more recent times also become more capital-intensive.

The other industries included six chemical companies, three engineering companies, one agro-processes company, two interviewees from power and infrastructure, one gas company, one pharmaceutical company, and one mining company. *The number of employees* varied greatly for the companies and started at 500 and went until about 25,000. There was no significance to be found in varying number of employees according to the dimensions reconstructed.

The *founding year* of the companies was primarily between 1980 and 1990. Relatively few (three) were from old industrial families and five from the public sector, which belonged to the pre-independence years. Most of the founding years could be reconstructed in one *ethoi*. Thus, this factor appeared quite significant. However, that dimension was already entailed in the interview's narrations.

²⁸ In Appendix D two interviewees are from the same business group as three of their companies are in the sample. Hence, I have included the data for all three companies.

Focusing on the interviewee, I had a look at *age*, *wealth* and *income*, and *caste* and *religion*. These indicators were included in the questionnaire in the end. All background information is laid down in the section on the questionnaire. The most decisive are reflected in this section.

The age of 40 could be a division line between the managers, which has been established in several studies (Davis, Chatterjee, & Heuer, 2006). Moreover, the differentiation between pre-liberalization and post-liberalization in India (Gopalan & Rivera, 1997) might account for different *ethoi*. Only two interviewees were around 40 years old in my sample. The rest of the interviewees were on the average 60 years old. However, I could not reconstruct a decisive age of the interviewee, the founding of the company appeared to be more valuable.

I had excluded the information on wealth from the questionnaire as category since I found the information given by the interviewees too imprecise to work with. However, I considered the information on the percentage of shareholding most decisive for the private sector. The public sector owns the majority of shares anyway. Since most of the private companies were managed, owned and controlled by the founding family, wealth was mostly identical with the percentage of shares as far as I could estimate from the inaccurate accounts I was given. Wealth appeared important for the little involvement in everyday activities, yet not the ethos on specific issues. Wealth of the interviewees was not identical in the ranking with revenue or net profit of the respective company.

The income of the interviewee was expected to reflect the division between private and public sector (as the top-level positions in the public sector obtain a lot less salary than the private sector), but also between the bigger and smaller companies, since the family members' income reflects mostly the size and financial performance of a company. However, the size of the company would not play the most significant dimension.

Caste still plays a significant role in business life in India (Jodhka & Newman, 2007). While knowing that, in Gujarat Hindu and Jain Banias have shaped business to a great extent, it was intended to observe whether newer entrants from other castes would respond differently to the questions asked. In the public sector the caste background was more diverse, yet there were no interviewees with a business caste status. In the private sector Gujarat's traditional business castes Bania Jains and Hindus dominated (five), followed by Patidars (three), which conforms with studies on caste and business in the region (Erdman, 1971; Gadgil, 1951; Lamb, 1955). Among the Banias, the majority of four belong to the community of Oswal Jains, which is not surprising as generally the majority of Jains in Gujarat have been Oswal Jains (Sundar, 2013).

The other interviewees were from different other caste backgrounds, but mostly upper caste and no Dalit. This was expected before since the business community had experienced new entrants since Independence (Damodaran, 2008), but upper castes are found in several elite arenas (Gandhi & Walton, 2012). These new globally oriented entrepreneurs position themselves against the "Brahmanic socialism" of the past (Chakravartty, 2001) and as confident advocates of a techno-populist mandate for a transnational middle class mobility (Upadhyay, 2009, 2010). Thus, I expected in the material to find distinctions based on caste. In the private sector there was one Rajput, one Brahmin and one Kayasth (another forward caste). In the public sector there two interviewees were Jats (which are rather an underprivileged community), two were Brahmin, and one was from the Vaishya (Bania) caste. However, regarding *ethos*, there was no difference to be found that was more significant than the division between public and private sector.

Moreover, I analyzed whether the company was *owned*, *controlled* and/or *managed* by the *family* (Audretsch, Hülsbeck, & Lehmann, 2010; Bertrand & Schoar, 2006).²⁹ Family companies have played a major role in business in India throughout centuries and remain to be of significance (Bayly, 2011b). There is a debate on which one of these three factors is significant for the financial performance or value generation of a company (Villalonga & Amit, 2006). Therefore, I had taken into account all three of them, keeping open the possibilities of any of the three factors to be of significance in my research. I considered *family ownership* as fulfilled when the promoter or promoter group owned the majority (above 40 percent) of the shares or in case of a non-listed company, owned the company. *Family management* meant at least the promoter to be CEO or Chairman of the company, and additionally other relatives in top management positions. Information on *family control* was difficult to obtain, however it became clear throughout the interviews which influence the family played in important decisions for the company. Throughout the analysis I cross-checked how they interacted with other factors and ethoi. Most companies, apart from two, owned the majority of shares of their company/group. Ownership and management of the private sector company go hand-in-hand in this sample, which is backed up by literature that family still plays a significant role in Indian business.

Considerable influence of the shareholders was uttered throughout the interviews, which supported the assumption that ownership, management and control appear to be inextricably linked for most private sector companies. Once the family owns the company, control over the decisions in the company is granted. Publicly listed companies in India need to possess a Board of Independent Directors.

²⁹ There were two private sector companies in the sample that were not controlled and managed by the entire family, but only by the promoter and professional managers.

One interviewee explicitly complained about the pressure from the Board of Directors, and the shareholders as he and his family owned only a few shares. The rest appeared little restricted by this institutionalized control. These facts rather supported the account of family as being significant for private business in Gujarat. Yet, the indicators of family ownership or control did not lead to a difference in ethoi. Gender was introduced as background information, yet as everyone in the sample was male, the category remained obsolete.

Reconstructing the Sociocultures

In reconstructing the socio-genetic types including an approach of relational dimension I encountered more and more cornerstones of the sociocultures. Following Rehbein's (2011) concept of sociocultures, practices, social structure and division of work build the foundation of the socioculture. Thus, it is those that the analysis needs to reconstruct. Moreover, socioculture is assumed to persist through institutions and habitus, or ethos in this case. The latter becomes clear in the analysis of the ethoi. The former, the institutions, receive special focus in the sociocultures. Moreover, according to the documentary method, I paid attention to *focusing metaphors* already in the first steps of the analysis. I made use of them as I perceived them to be either institutions or closely linked to institutions such as family or education. Thus, I had put more stress in the singularities in the cases and concomitant focusing metaphors than in the contrast to other cases. Another central aspect of Rehbein's work lay in identifying large-scale transformations that reconfigured of existing structures, hence contributing to the development of new sociocultures. Thus, in the reconstruction of sociocultures the transformations in the interviewees' narrative accounts received greater attention. The last crucial point is that contemporary social forces reconfigure the sociocultures. Hence, the reconstruction of their genesis needs to identify the significant social forces. The economic liberalization provided to be powerful for two main

reasons. First, it increased competition nationally, which allowed more entrants to business. Most of the interviewees of the contemporary socioculture founded their companies shortly before the major economic liberalization and profited tremendously by liberalized policies. Furthermore, the opening to the global economic market brought further transformations, which is still relatively limited as most of the companies do business with partners abroad, sometimes joint ventures, acquiring plants in the Global North and so forth, yet have not (yet) build globally operating companies like a few other Indian groups. The state has also experienced a transformation as its role in business has shifted in Gujarat increasingly to support business as opposed to limiting private sector companies. Thus, these influential factors were considered when finding the central transformations in the origin of the sociocultures. As I gathered the information on transformations and institutions from the empirical material, my reconstruction of the socioculture was framed within the business realms.

The names of the sociocultures I borrowed from secondary literature, as *Mahajan culture* was an established term to refer to the time, in which the socioculture originated. The *Nehruvian socioculture*, I named after the first Prime Minister Jawaharlal Nehru as he shaped the political and philosophical culture of the time of origin of the socioculture to a great extent. Moreover, it puts focus on the state, which is a central factor even in the socioculture. The most common contemporary socioculture I named *neoliberal socioculture* being aware that neoliberalism is a broad concept. I had considered referring to the term entrepreneurial due to the first studies in this regard that I presented in the introduction. However, entrepreneurial would refer only to a small segment of the socioculture, therefore I chose the broader term of neoliberal.

Large-scale transformations. I could reconstruct the transformations when the analysis was complete. In the socio-genetic types I would reconstruct the sociocultures. The

founding time and context of the respective company provided the first hint to the historical origin of the socioculture and the connected large-scale transformation that contributed to the emergence of the socioculture. For the Mahajan socioculture, the large-scale transformation occurred with British colonialism and Industrialization (1850-1947). The historical origin of the Nehruvian socioculture lies in the restricted economy (from 1947-1991). For the latest socioculture, the transformation existed mainly in the economic liberalization, which did not mean necessarily the year 1991 with the greatest liberalization. Most companies had been founded before and narrations circled around the 1980s. Identifying the historical origin of the Mahajan socioculture was most demanding as there were overlaps to previous times in several practices, institutions and structures. Therefore, I compared figures with secondary literature on trading, business history, elite studies, caste, and politics, realms and topics that were entailed in the empirical material, seeking to identify elements from earlier sociocultures.

Sampling and Elite Research

Even though this research seeks to contribute to studies on the capitalist spirit, I have opted only for the business elite in Gujarat. Moreover, in my sampling I have chosen approaches from elite research. Therefore, it seems more than reasonable to shortly explicate the topic of elite research to clarify likely associations. Thus, I make a brief detour before turning to the sampling approach.

While elite research or sociology on elites bear the notion of elite in the title, *elite* is considered by some as problematic as it has been used to justify privileged positions (Field & Higley, 1980; Stanworth & Giddens, 1974).

Elite theory had been developed in the US and Europe (Hartmann, 2007). Whether referring it to the Latin or French origin, the core meaning of elite is “to elect”. The word *élite* was used in the 17th century to refer to good or exquisite quality. Later, the term was

applied additionally to social groups and qualified military units or the higher ranks of nobility. In the English language it appeared in 1823 in the Oxford English Dictionary used for social groups (Bottomore, 1966). The term elite is problematic as it has been used both in academic social science as well as a lay term in public discourse (Froud, Savage, Tampubolon, & Williams, 2006).

Why should we make use of the term elite when it might be understood as an argument legitimizing privileged groups?³⁰ There are several other terms under the broad category of *elite*. If I would use terms such as the political class (Mosca, 1939), the leisure class (Veblen, 1994), privileged class or rich (Hradil & Imbusch, 2003), upper service class and functional elites (Dahrendorf, 1961), strategic groups (Evers & Schiel, 1989), ruling class (Bourdieu, 1998) governing class/ruling elite (Pareto, 1935), or power elite (Mills, op. 1956), I would clearly situate this research in the respective theoretical strands. This would be rather counterproductive in this case as I would like to focus on the capitalist spirit. An advantage of using the notion of elite is that it has been established in academia as a general term for the small group in society with a privileged status. The group does not have to be an empirically proven social group that refers to each other as elite or identifies themselves as *elite*. The notion should rather be understood in the Dahrendorf's (1965) sense of *Ordnungsphänomene*, thus a scientifically constructed group.

This research follows Max Weber in his assumption of the supportive layers in society and even more, so it focuses on the smaller segment of the elite. However, I aim to clarify that this research is not concerned with elite theories but makes use of the sampling approach. Even though the sampling evolved from the critical debate within elite theory, it can be deployed outside of classical elite research that can mainly be divided into two strands. Debates on elite in the 1950s and 1960s in the Anglo-Saxon world have established two main

traditions that are still valid as reference points in present times: functional³¹ or pluralist and conflict or critical strands.³² Rather recent studies on elites have dealt with globalization and whether a global elite has emerged (Carroll & Carson, 2003; Robinson & Harris, 2000; Schneickert, 2015; Sklair, 2001).

Most studies on elite in India draw on Western concepts of elite theory. The status quo of development of theories and methods are hence very similar to the theories pointed out above. Most of these studies concern the colonial or postcolonial elite. Most scholars agreed that India lacked a capitalist class, even though there was academic interest in business houses and business communities (Cadene & Vidal, 1997; Gadgil, 1951, 1967; Lamb, 1955; Taher & Gopalan, 2006; Tripathi, 1981b, 1984; Tripathi & Juman, 2013; Tripathi & Mehta, 1990). Even in recent studies, the analysis of the Indian business elite remains a blank spot (Jodhka & Naudet, 2017). Several facts such as caste or class as social background are missing from the discourse. The elite mostly address themselves as “middle class” (Mustafi, 2013). Thus, at least from an academic point of view I need to be able to identify the elite.

One of the major issues in elite theory deals with identifying the elite and how researchers can operationalize elite empirically. Thus, I turn towards the sampling of this research.

³⁰ For example, in classical elite theories - mainly in Vilfredo Pareto, Gaetano Mosca and Robert Michels - the elite were opposed to the masses. Its existence was a necessity for society as the most capable and gifted lead the masses Bottomore (1966).

³¹ Functional elite theories such as Keller (1963); Parsons (1991 [1951]) regard society as a system of interdependency. Robert Dahl (1958) as main counterpart to Mill's power elite assumed that the elite would become more sectoral resulting from modernization processes and social differentiation. Thus, in every field there are specialized elite fractions that fulfill a specific function. Connected to that assumption is the belief in meritocracy, where the elite consists of people whose performance is best in their respective sector.

³² Among the conflict theories the approach of the power *elite* is the most common. The *elite* are a more or less socially closed group holding positions simultaneously in the economic, political, and military arenas. Even though social structures might change, the *elite* stay the same. Here, a change in power leads to personally new, but not structurally new combinations of power. The founding works of the conflict theories in elite research are *The Power Elite* by C. Wright Mills (op. 1956) and *Who rules America?* by G. William Domhoff (1967). With his work on *State Nobility*, Bourdieu (1996), the French sociologist Pierre Bourdieu contributed to the critical elite research. His research showed the importance of elite schools in France for the reproduction of the elite.

The sampling of the qualitative interviews was done following the positional and reputational method from empirical elite research (Hoffmann-Lange, 2007) as the research interest is directed at the business elite and their capitalist spirit.

I will shortly introduce the three main research methods for empirically analyzing the elite (Parry, 1969; Putnam, 1976): the *positional method*, the *reputational method* and the *decisional method*. The positional method is most commonly used in elite studies. This method draws on the idea of "No one can be truly powerful unless he has access to the command of institutions" (Mills, 1956, p. 9). The positional method has the clear advantage over the reputational or the decisional approach that it can be operationalized easily (Mills, 1956). The disadvantage of the positional method is that not everyone who possesses power can be found in the respective positions chosen (Sharma, 1995). Therefore, I expanded the approach by the reputational approach asking the interviewees for additions to the sample list. The positional method first determines which sectors in society are of significance for the power structure such as politics, business, media or academia. In this case, I opted for business to follow other significant studies on the capitalist spirit such as Max Weber's understanding of the supportive layers, the top-level capitalists. The positional method seeks to determine relevant institutions in the sectors, which I comprehended as companies. Thus, I opted for the list by the Economic Times of 500 Top Companies in India (2013) from which I extracted all companies with headquarters in Gujarat, which gave me 21 companies. As a way of reducing the sample I had set aside all other companies that had investments in the state and possibly are influential in the state but had their corporate offices in other states or countries. This excluded companies with high revenues such Gujarat Fluorochemicals Limited, which might be a limitation. The Economic Times' list gave me the only option of measuring the companies' size according to their revenue. Another company had delisted itself. Based on its revenue comparable to other companies on the list, I added it.

Furthermore, the top leadership positions in these institutions are identified. People in these positions are, according to this method, identified as elite members. Even though it is the most popular method, one needs to be aware of where to draw boundaries horizontally and vertically. As highest positions in the companies I identified Chairman, Chief Executive Officer (CEO), and Managing Director (MD). In one conglomerate with three companies in the sample I had also interviewed a Chief Financial Officer/Executive Officer. In another company I had interviewed the director as the owner - also Chairman, CEO and MD - was unavailable for interviewees. I interviewed 17 people in total according to this approach in my main field research. Previously, my pre-test was based on the reputational method with professors of IIM as experts, which led to eight interviews from various sectors of the elite in Gujarat (Academia, business, urban planning companies, old industrial families). While these interviews provided me with useful knowledge about potential conflicts among the elite, it became clear that I sought to narrow down my research interest on business. Moreover, the pre-test provided me with useful contacts that I was able to refer to when asking for interviews in the main field research.

I had opted for the reputational method to cross-check my list being aware of the fallacies of the positional method. I was aware of the limitations of the reputational method usually deployed in local settings. This method asks experts to name most powerful persons in their community. Floyd Hunter's study *Community Power Structure* (1953) is one of the major classical works identifying elites with the reputational approach. However, it remains problematic whom to choose to be an expert and whether this knowledge deters findings.

Problematic is the knowledge of the experts chosen on the powerful persons. Additionally, I had shown the list to the interviewees asking them whether they considered

this list adequate. Out of the 15³³ respondents, the majority agreed on the list. Some companies were named to be added with headquarters outside of Gujarat. Out of them, “Reliance” was named the most: four times. Due to difficulties accessing the respective people from the Reliance Group, I had not included it.

I opted against the decisional method as it considers elites to be people who are the most consequential actors in decision-making process for important or specific policy issues. Thus, for this research it appeared too limited and wrong as the research interest was not in the policy area or for specific legislations. The most prominent work is Robert Dahl’s study *Who Governs?* (1961) on political power in New Haven, Connecticut. Other background information on the interviewees is laid down at the end of the next section. In the next section, I will give results on more background factors that had I obtained through the questionnaire.

The Questionnaire

The questionnaire (Appendix A) was designed in accordance to the documentary method and some issues from *NSC*. Therefore, the first story-telling prompted a narration about the respondent’s life. Follow-ups were undertaken in case something remained unclear or imprecise to the interviewer. The second part of the questionnaire was semi-structured. It included story-telling prompts on the development of business in Gujarat and categories taken from Boltanski and Chiapello such as leadership, qualities in employees, working culture/organizational structure, and the issue of older management generations that I included. Moreover, in a third part closed questions on present management concepts were posed in order to confront the interviewees directly with them. The last three questions concerned the role of meritocracy in caste and gender, and caste and class.

³³ Due to time shortenings of the interviewees, I was unable to give the list to the two interviewees remaining.

The discourse of meritocracy was taken from Boltanski and Chiapello's second spirit. According to this inclusion, these topics appear central to the analysis. Due to time limitations from some interviewees I was unable to pose the questions on caste/class and gender to every interviewee. For the lack of comparison, I had to omit the narrations despite the highly interesting responses as the interviewees voiced their support against any kind of discrimination, which would be an interesting topic for further research.

I had included more questions than needed directly for the analysis. These questions concerned mostly the capitalist development in order to connect the capitalist development with the emergence of a new capitalist spirit. However, these questions were answered lengthily in a professional business way, which made an access to the implicit knowledge difficult. I have excluded them also because the material was broad enough.

Background information on the sample. After the questions, I included a section on background details. I asked for information on gender, age, place of birth, occupation (exact position in the company/group), father's occupation, highest educational degree, annual gross income, wealth, religion/caste and people in household. The results are included in Appendix D. The last information did not bring a differentiation, as I had initially assumed it could give extra information on families living together as Singer (1972b) has studied. Gender was male throughout. In Indian business, women in top management positions are rare (Naudet & Dubost, 2016, p. 428).

Upon the indicators of age, income, and wealth I had reflected in the section on background information above. I had included occupation, meaning the exact position in the company as I was interested to analyze whether the highest position would be reflected in the interviews. The father or grandfather in the company at a certain age would seek to establish a rather new position in the company: to take care of policy work, to influence politics. There were differences assumed yet not explicitly mentioned that the company's structures are still

shaped by the top. When someone other than the founder or his closest relative had been interviewed, there were slight divergences from the official company's culture. The divergence was however little and potentially rather personal. I have marked them in the analysis as diverging. Occupation was worth including, and sometimes needed as that was not explicitly mentioned in the interviews. Interviewees from the Public Sector were never born in Gujarat, which was expected as high officials in the Indian Administrative Service are scattered all over the country. Some Gujaratis had been born in Mumbai, and later returned to Gujarat, which is not an unusual life course also because Maharashtra and Gujarat had been one state before Gujarat became independent in 1960. Moreover, Mumbai is the major business city in the region. More significant was, yet only in two interviews with public sector companies, that interviewees who were born in a different state would not construct being entrepreneurial with being Gujarati. There were no further differences based on their birth place.

In the Mahajan socioculture, the father's occupation was the CEO of the same company or group; in the public sector it was army official, doctor, IAS officer, or engineer. Thus, as expected a typical middle-class occupation of the Intelligentsia under British colonization. Remarkably, the father's occupation of the newest socioculture varies to a larger extent. In general, the father had either also founded the company (2) or had been a successful businessman of another company (1) or had worked as professionals thus doctors or engineers. There are two exceptions: one is a rather small and struggling company, where the owner and founder's father was a simple serviceman. He is diverging in his ethos in several ways, in some issues, which I refer to his low economic and social capital. The other exception is the interviewee's father was a small trader. He is the opposite to the former interviewee as his company/group has a huge revenue and turnover and is one of the leading

groups in India. He is rather a representative of the socioculture in his ethos as dedicated, committed, and characterized by hard-work.

The last part discusses education: there were six Bachelor degrees all over the sociocultures, two PhDs, the rest received an MA or MBA. Seven interviewees had obtained their highest degree either in the UK or in the USA. The subjects ranged from engineering, to Business Administration, Pharmacy, development studies, International Law, Political Science. More than half, nine, of the degrees, were in the business field. Regarding national or international, subject specific, or level, there was no clear pattern for the socioculture, age, position in the company, income, wealth, or any other indicator.

Conducting Interviews

The course of the interview as well as guidelines for conducting the interviews were inspired by the documentary method. Hence, I sought to establish a narrative interview by giving story-telling prompts. Thus, I had asked “to tell me something about your life” instead of a closed question on specific information. This was intended also to evoke a comfortable interview situation, apart from the interest in the biographical narration. Particularly, the first story-telling prompt sought to generate biographical narrations (Schütze, 1982). Posing such open “questions” caused no further problems with the interviewees as one might expect that from other interviewees who are used to interview situations and would expect precise, short questions. Even though I had developed a questionnaire with guided questions and potential follow-ups, my aim was to leave it up to the interviewees to talk freely. Only when they drifted away completely, I sought to guide them back to the narration. First, I asked immanently, then I posed exmanent questions (Przyborski & Wohlrab-Sahr, 2014).

For some interviews, where there was hardly any time, I had to shorten the questionnaire and I directed the story-telling prompts in a different order: the pressing issue first and when the interviewee allowed more time to include more and more questions. Apart

from one interviewee who asked me after the interview why there were too many topics in his opinion, no other interviewee commented on the questions. Some were irritated in the beginning as they thought that this information they thought I aimed to obtain was already publicly available. I responded that I was interested in their personal account and their emphasis, more than the facts, which was enough to keep the interview going.

Arranging the interviews was done first by sending a standardized e-mail to either the direct e-mail address if available or to people in the organization at a high level. Information in the e-mail included my name, my affiliation with Humboldt-University of Berlin, my residency at IIM, and the general topic of my PhD project on economic development in Gujarat. In sticking to the right level of politeness in Gujarati business, I asked a friend, familiar with the business environment in Gujarat, to advise me (example letter in Appendix C).

I avoided telling too much information beforehand as I sought to stick to the intention of the documentary method to gain access to implicit knowledge. Hence, I aimed to avoid that interviewees might prepare too issue specific for the interview.

Then I would call either the direct number of the secretary or I had to call a general number in the organization. Then I would present my request in a direct conversation with the potential interviewee on the phone. In some cases, I would not have talked to the interviewee before, but instead I had arranged the meeting with the PR person or the secretary. In this manner I obtained some replies, yet not too many. Thankfully, I was able to use one of my contacts from the pre-test a year earlier, who helped me tremendously. He asked for my list and contacted everyone he knew to put in a good word for me. Moreover, I received some phone numbers or e-mail addresses, which enabled me to finally present my request to the potential interviewees. The interviews I could not realize was because of one recent termination of his position and no immediate follow-up Managing Director, a major takeover

of another group, one interviewee who was interested, but appeared hesitant (he appeared not to be part of the business circles I had contacts to, thus I was unable to convince him of the interview).

Another significant aspect of the interviews was that I assured the interviewees they remained anonymous. In the transcriptions and the analysis there is no indication of their names or their companies' names. Moreover, other indicators such as related companies' names were substituted by a remark "company xy". In case someone is highly familiar with the business scene in Gujarat, the person might do research and would find out excluding one company after the other. However, in the empirical chapter I included only passages of the interviews with some hints to the actual interviewee. Thus, drawing conclusions on the passages appears rather unlikely.

There was a particularity about the interviews from the public sector. The interviews were limited due to the official restraint of audio recording. One interviewee had allowed the audio recording despite the restraint. For the other public sector interviews, I had to write a protocol that included as much information as possible aiming at a reflecting interpretation. One member of the Public Sector asked for reading the protocol. I sent it to his assistant and have not received any request to make changes. For the rest of the interviews, I had transcribed the entire interview material straight away without selecting something first. There were too many topics and I intended to obtain a better overview over the material.

Reflection on the Entire Methodology

Starting from Pierre Bourdieu's theoretical assumptions, empirical research appears to ask for a reflection of the situatedness of the researcher. Thus, I am more than aware of Pierre Bourdieu's (Bourdieu & Wacquant, 1992) assumption of the researcher as person with presumptions and scientific interests in as well as choosing the specific method, which leads to particular research conclusions while blending out other conclusions. With the

documentary method I can argue that the documented sense is sought to be as objective as possible (Bohnsack, 2007; Nohl, 2009). However, I am not fully convinced in the analysis that my situatedness as researcher is minimized completely by constant comparison of the supposedly objectified, documented material. Therefore, the analysis entails the position of the researcher and interviewer in the contexts of the interview situations as relatively young, white, female coming from one of the biggest industrial countries, which was mostly addressed by the interviewees previous to the actual interview recorded. Moreover, my residence was on IIM Ahmedabad campus, a fact that I had used in addressing the potential interviewees. IIM is one of the leading business schools in India. Its reputation as business supportive environment and prestigious university has backed up my standing even further and, in some cases, has even overshadowed the symbolic capital of Germany as powerful industrial nation. This had mostly become obvious when arranging the meetings with the interviewees as I was referred to as the person from IIM. In interviews where I was recognized as German, mostly the interviewees aimed to impress me, but also explicated a lot of concepts as if I supposedly lacked knowledge of Indian conditions. Here, they appeared easily to draw on everyday knowledge, thus precisely the implicit knowledge I aimed to gain access to. Almost in contrast, when I was perceived as a member of IIM, the prestigious business school, some interviewees aimed to show the most up-to-date discourse on management, which made it more difficult to gain access to the implicit knowledge. Thus, posing follow-up questions asking for narrations rather than statements was central in these situations.

I might have obtained more interviews because of these facts as it was mentioned several times, but that remains in the speculative realm. However, while the objective was to remain as neutral as possible as researcher there was a lot of support by some of the

interviewees in my research process. The documentary method demands saturation from the empirical material, which I modified by using the positional approach as I restricted myself from the beginning. However, the interview material I obtained was satisfying as the issues kept repeating, which made me conclude that the point of saturation might be reached.

CHAPTER 4. Sociocultures and their Central Institutions and Practices for the Capitalist Spirit in the Gujarati Business Elite

This chapter aims to lay down crucial institutions and practices of sociocultures that inform the capitalist *ethoi*.³⁴ First, I will present the current force of global capitalism and its reworking of several aspects for Indian business that became apparent through the interviews. Thus, in this first section, the major practices and institutions of business in India and particularly Gujarat will be sketched out. This section will show practices and institutions co-exist originating in different times, such as financing business enterprises based on trust and social reputation in community networks, to borrowing funds from financial institutions with rather lax conditions, and the integration into the stock markets with the logic of the shareholder accountability. While they have originated in different times, they have persisted under the current system of global capitalism. Global capitalism might rework these persisting features, yet it does not substitute them through a completely new system of institutions and practices. However, in this example they have all been altered through large-scale transformations. Social reputation and trust still bear some relevance in current business, yet personalized trust connected to charity and philanthropy in close-knit community networks existing from pre-colonial times have declined in their significance. The restricted economy has introduced a rather easy borrowing practice to foster domestic business. Stock markets are another option to finance business. One might expect the financial economy to have gained control over companies through stock markets. Nonetheless, the particular small influence of foreign investors in India, a relic from the restricted economy and the early establishment of the stock market under British colonization, have brought little external influence in Indian business. Global capitalism might exercise some influence through shareholders, yet the stronghold of family business,

³⁴ The plural *ethoi* refers to the varying interpretation of the capitalist ethos in the sociocultures.

through ownership and control continued to influence most managerial practice. Nonetheless, some features have even perished such as the particular management system of the Managing Agency System that had emerged under British colonization and was abolished during India's restricted economy. While some transformations had an immediate effect on business such as the involvement of politics in the restricted economy that introduced the division into private and public sector, restricting the private sector through licenses - other changes took time. The British had fostered modern English education, which was mainly supported during the restricted economy with a focus on industrial and technological education. In turn, a new educated class evolved that was able to grasp the opportunities of slow economic liberalization in the country in the 1980s and finally making their way after the economic liberalization in 1991.

To gain a better understanding of the economic context, a description of the Indian economy and its features of growth and the main sectors are presented. Particularly, the integration into the global economy plays a significant role as India's economy can be characterized by a rather weak position in the global economic order, especially because the service sector has been the main driver of its economic growth. This feature of the Indian economy makes use of the surplus of cheap workforce that has persisted throughout the centuries. An interesting feature of the Indian economy is the formerly division into a public and a private sector, that has persisted to some extent. The division had been introduced with India's independence and the restricted economy and has been weakened with the opening of the economy in 1991, yet not completely dissolved under global capitalism.

The next part of this chapter addresses the emergence of the sociocultures: the large-scale transformations. These historical origins were British colonialism and industrialization (1850-1947), the restricted economy (1947-1991), and economic liberalization (from 1991). While some institutions and practices have perished, the chapter will further highlight the

institutions and practices that have persisted in informing the sociocultures. Several of them will become clear throughout the chapters, while the major institutions and practices for the emergence of capitalist spirit will be addressed at the end of this chapter: These include family, financing business, charity and philanthropy, caste, and the surplus of the workforce. Not all aspects of the sociocultures will be elaborated on, yet those that are reconstructed from interviews in this research on the capitalist spirit in Gujarat's business elite.

In this last section, the respective transformations throughout the times are elucidated in depth. These institutions and practices are in reality interdependent: caste and community have been part of family business, or charity and philanthropy have been proven to be central to financing practices. Global capitalism reworks all of them. For example, the traditional surplus of cheap labor in India gains a new momentum with the integration into the global economic order as an increasing competition demands a more skilled workforce to maintain or even increase its position. Family business had already been subject to change under the restricted economy that put an end to the management style of the Managing Agency System, which had enabled families to manage their businesses within the family without losing control. The call for more professionalism had been made. Yet, families maintained their control over their business even after the end of the system. With a change in the industrial scene, which made sectors that demanded technologically educated personnel more profitable, family businesses in India increasingly employed professionals. Yet, families maintained ownership and control over their companies. Even in times of global capitalism and the logic of financial markets, companies are in the hands of families. However, while the top management consists of family members, companies try to present educated professionals in the positions underneath them.

Global Capitalism Reworking Social Structures and the Division of Work

Indian and particularly Gujarati business can look back on a long tradition. In business, practices and institutions had experienced the latest large-scale transformation with the integration into the globally dispersed production. The huge cesura came with the liberalization of the economy in 1991 after decades of a restricted economy. The country suffered from an economic crisis since the 1980s. After accepting a loan from the IMF, Indian politicians agreed to liberalize its economy, lifting several barriers and restrictions, introducing privatization of certain former public sectors, and increasing the integration into the globally dispersed production system.

The integration into the global economic order has introduced a limited financialized economy, produced a greater division between workers and employees, allowed a wider variety of caste backgrounds within the upper castes to be at the top of business, while Dalits and other underprivileged castes had profited from affirmative action in post-independent politics mostly in the political field. While there had been shifts already through the restricted economy in the caste system, the top level in business represents only the upper castes. Furthermore, stock markets and shareholders gradually played an increasing role, while still relatively limited, for business which required complying with managerial practices such as Corporate Governance or Transparency.

Yet, trust and social reputation have not completely diminished either for funding from public financial institutions, which had been established during the restricted economy. While most companies are listed on the stock exchanges, borrowings and company funds make the most of the capital in companies majorly held by the promoter and his family. Trust and social reputation within the local community had been central to businesses over centuries. Both could be established through charity and philanthropy. With the shift away from local networks and credit, charity and philanthropy declined in their significance. They

have persisted to some extent under the name of CSR in present times, yet the meaning bound to the tight-knit local community for social status and creditworthiness has diminished.

Even though the economy becomes more financialized, most of the companies are still owned and controlled by business families. Indian business has been shaped by family ownership for centuries. Domestic big business in India, like in other Asian countries, is majorly controlled and owned by families. Business has been organized within tightly-knit caste or community networks in several aspects particularly for personnel or financial support. Nonetheless, there had been a shift towards more professionalism, read more professionals in the top management second to family members.

One of the characteristics of the Indian economy is the surplus of cheap workforce that created an even starker division: between employees and workers. India's position in the global economy is relatively weak because its exports are valued less than others majorly produced in the Global North. Its major characteristic is still the cheap and thereby unskilled workforce that offers its work in the service sector or for menial work in manufacturing. The power of workers is weakened as there is a lack of functioning trade unions. The trade unions had already been diminished with industrialization. Yet, whereas they could still exercise some power around the country's Independence, it declined tremendously with the increasing urbanization and further decreasing of community structures. Moreover, the focus on industry already in times of the restricted economy and even stronger with integration in the global economic order appeared to have brought politics in favor of business.

Under the British, formal education had been supported, a tradition maintained and extended after Independence, offering technical education mostly to upper castes and classes to cater to the needs of the industrial sectors. These initiatives have not benefited the underprivileged citizens. In times of integration into the global economic order, the path to education is slightly altered, while continued as *skill development* programs. The Indian

government aims to maintain or even improve its position in the global economic order by skilling the workforce to be able to contribute to the higher valued goods.

The formerly division of the Indian economy into a public and a private sector has increasingly been dissolving since the integration into the globally dispersed production system has reduced the stronghold of the state. Yet, the division has continued to shape the Indian economy to some extent until today as public sector enterprises cater to the benefit of the citizen through cheap prices and need to bear in mind social with economic motives. Moreover, the intervention by the state brought other castes than the traditional merchants to the top level in public sector enterprises. Among the particularities is that the management, the boards of directors and the employees are part of a bureaucracy called the Indian Administrative Service. Nonetheless, public sector companies are part of the financialized economy, and competing globally for financial gains and growth.

The following part will start with the contextualization of the Indian economy to give an introduction into the central institutions and practices in business.

Present Situation of the Indian Economic Market

The Indian economy has grown significantly since its economic opening in 1991. India is among the sixth largest economies in the world by nominal GDP and the fourth largest by purchasing power parity (PPP). Furthermore, the country currently has had one of the highest growth rates globally, which had started to grow from 2000 onwards. Over the last two decades, the growth rate was approximately seven percent. India's integration into the globally dispersed production system made it vulnerable to the global financial crisis. However, in recent years, the higher than seven percent rate of growth of its GDP began attracting global attention again.

Gujarat became one of the most industrialized Indian states since its founding in 1960.³⁵ As the state is located on the Western coast of India, with the longest coastline in the country, Gujarat has had a long tradition in maritime trade. With an average GSDP growth rate in the last ten years of more than ten percent, Gujarat is one of the states with the highest growth rates in the country (Directorate of Economics and Statistics, 2017). Regarding its net valued added, Gujarat is among the top five states in the country (Reserve Bank of India, 2017). With five percent of India's population, Gujarat contributes to 18 percent of the value of output in the industry sector in 2014-15 and about a quarter to India's goods export (ibid., p. xi). Regarding the distribution across sectors, the state is an anomaly, because its service sector plays a limited role when compared to the significant contribution of services to national production. Before delving into the details of the Gujarati economy, I turn towards the integration of the economy into the globally dispersed production system and the composition of the industry at national level.

Industrial performance and integration in the global economy. Since the mid-1990s, India's economy has experienced acceleration into the globally dispersed production system³⁶, the second highest among the BRICS states.³⁷ Foreign Direct Investment flows, however, are relatively low.³⁸

The service sector is the key driver of economic growth accounting for 62 percent of India's output in 2016-17. The focal role of this sector is relatively new in the economy and has grown by 44 percent in the last decades. The service sector is integrated highly into the global economy, exporting mainly IT services, Business Process Outsourcing (BPO) services,

³⁵ Gujarat separated from Maharashtra on May 1st 1960. Until then, Gujarat mainland and the peninsulas of Saurashtra and Kutch had been part of Bombay state.

³⁶ There are mainly three approaches to study the globally dispersed production system: Global Commodity Chains (GCC), Global Value Chains (GVC) or Global Production Networks (GPN). Yet, as I am interested in the effects in the social sphere, I refer to this phenomenon as mentioned above.

³⁷ An indicator for international backward linkages in the globally dispersed production system, the percentage of *foreign value-added share of gross exports* is used. India's foreign content of its exports had doubled from almost 10 percent in 1995 to nearly 25 percent in 2011, see OECD (2015).

and software (Ministry of Finance, 2017). Even compared to global averages, the country's ratio of services exports to its merchandise exports is exceptionally high (Mazumdar, October 2011b). Many of the new business groups arose in this sector, some branching out later into pharmaceuticals (Sinha, 2011).

Apart from the service sector, the Indian economy can be divided into agriculture and industry. After the service sector, the industrial sector is at 31 percent in 2016-17 the second biggest, with the agricultural sector contributing by far the smallest to the gross value added (Ministry of Finance, 2017). Remarkably, while the agricultural sector contributes the lowest to the gross value added, it is the largest employer in the Indian economy. The industrial sector on the other hand, contributes to employment of only one-third of the labor force (Mazumdar, October 2011b).

The industrial sector is again subdivided into Mining, Manufacturing and Electricity, of which Manufacturing³⁹ has the highest share (Ministry of Finance, 2017). Manufacturing is integrated the highest into the globally dispersed productions system, mainly through petroleum products, other manufacturing, and basic metals (OECD, 2015). The highest contribution to exports growth came from engineering goods (47 percent), gems & jewelry (30 percent), ores & minerals (8 percent), Marine products (eight percent) and petroleum products (seven percent). The engineering sector is highly diverse, consisting of various subsectors like iron and steel, mechanical machinery, electric machinery, or transport equipment. India is the third largest producer of steel in the world (Ministry of Finance, 2017). Capacity creation in other basic sectors such as infrastructure, power, mining, or oil increased the demand of engineering products. Most of the national engineering goods have

³⁸ Two percent of the global FDI net inflows according to World Bank Data, see World Bank (2016).

³⁹ The Government of India passed the National Manufacturing Policy (NMP) aiming to increase the share of manufacturing to GDP from 16 percent to 22 percent by 2022. Yet, at the time of the interviews, major initiatives of this policy such as National Investment and Manufacturing Zones (NIMZs) had not been implemented. NIMZs restricted labor rights tremendously, see Ministry of Finance (2017).

been exported to the US and Europe. The shares of chemicals and chemical products have remained stable whereas the textile industry has slightly decreased its share (OECD, 2015), which had been a predominant export sector in 2000. This has affected Gujarat to a certain extent, as well as this sample, which includes two companies active in the textile sector. The rest of the textile industry in Ahmedabad had already been shut down in the mid-1980s.

The development of the sectors is of interest to this research as the sample contains several companies within the engineering industry, some from the pharmaceutical or chemical industry and some from the textile industry. Thus, the industries concerned are growing and are somewhat integrated into the globally dispersed production system, which leads us to the next issue.

Crucial industrial sectors in Gujarat. Among the most salient industries sectors are Chemicals, Petrochemicals, Dairy, Drugs and Pharmaceuticals, Cement and Ceramics, Gems and Jewelry, Textiles and Engineering. Moreover, it contributes significantly to Onshore Natural Gas, Mineral production, Crude Oil and possesses a large refining capacity, which makes it the “petroleum capital” in the country (Directorate of Economics and Statistics, 2017).⁴⁰

Furthermore, the state possesses vital infrastructure and has the highest number of operational and commercial cargo ports in India. The state has not only a tradition in trade and business, but also an early history of industrialization. Asia’s first Export Processing Zone (EPZ) was set up in Kandla, Gujarat in 1965, during the restricted economy. Moreover, the state has promoted Special Investment Regions, Special Economic Zones (SEZs) and Delhi-Mumbai Industrial Corridor (DMIC). SEZs have exceptionally liberal laws compared to the national economic law in India, also with the goal to attract larger foreign investments in India. The SEZs Policy was announced in 2000. In general, Foreign Direct Investments

⁴⁰ However, in this sample, there is no petroleum-based company.

(FDI) inflows in Gujarat accounted for a very small share of 4.6 percent in the overall FDI inflow in India (Directorate of Economics and Statistics, 2017).

Similar to the situation at national level, the agricultural sector plays a major part in the employment of people with nearly 50 percent as per 2011 census (Government of India, 2011).

Among the Indian states in the period 2014/15, Gujarat is among the significant contributors to exports in engineering at roughly nine percent. Yet the state of Orisha (65 percent) and Maharashtra (28 percent) are way ahead of Gujarat in engineering exports. This sector bears some relevance for this research as per the sample, wherein three companies are active in the engineering sector, all belong to younger companies founded in the 1970s and 1980s. There are six chemical companies in the sample, however non belonging to the diamond industry even though it is one of the major sectors for Gujarati industry (Directorate of Economics and Statistics, 2017).

There are some sectors at national level that make a huge part of the industry, which are not major sectors in Gujarat. The service sector contributes to a large part of India's exports (Bhattacharyya, 2014), yet there were no major companies headquartered in Gujarat that fall under this category in the time of the research. Most remarkable is Gujarat's overall contribution to exports: together with its neighboring state of Maharashtra they account for 46 percent of India's exports (ASSOCHAM, 2016).

Position in the globally dispersed productions system. India's economy can not only be characterized by the sector composition, but also by its position within the globally dispersed production system. In the globally dispersed production system, goods are rarely manufactured in one place. Rather, parts of the manufactured goods come from several different countries in the world to increase cost efficiency. Tracking the specific value chains for a country gives an insight into its position in the global production system. In

manufacturing, India is more connected to other Asian and Southeast Asian countries, mostly in the electrical and optical equipment sector. In the service sector, India is more integrated with several European countries, the US, and Hong Kong.

The OECD (2015) ranks countries according to their Trade in Value Added, in which India ranks 13th in services and sixth in business. In the textile production chain, India maintains a relatively high position at rank 13. In electrical, optical, and transport equipment sector India improved its rank to 31st and 33rd, respectively. India imports more value-added products than it exports, which puts the country in a position similar to the one under colonization (Sen & Dasgupta, 2013).

In the global production system manufactured goods are valued differently and accordingly, the rank of the country depends also on the specific good produced. Thus, a country that produces more goods that contribute in the higher value-added segments of the production chain - such as the computer system that drives the car instead of the tires-, is ranked higher. According to this logic, the country's position is not perceived as being globally powerful.⁴¹ Despite its weak position in the globally dispersed production system, India's integration into the global economy has offered economic growth to Gujarati companies, especially those in the engineering, petroleum, pharmaceuticals, or textile sectors. Furthermore, as mentioned in the previous section, Gujarat accounts for a large part of the country's export due to its favorable geographic position with its long coastline and developed ports. The growth in exports, however, has been higher in other states. Nonetheless, the huge amount of export means a high interaction with customers all over the globe.

Producing more highly valued goods demands an educated workforce among other factors. India still has to catch up with a skilled labor force that would potentially allow the

country to be part of the higher segments in the value chain. Like several other developing countries, India has mainly employed its surplus cheap and largely unorganized labor, primarily in the service sector as opposed to investing in innovation in technology and developing a highly educated workforce.

The Public sector and its performance and role in the Indian economy. As a relic of India's past of being a restricted economy before the economic liberalization, the economy possesses Public Sector Enterprises (PSEs). A Government company is per law⁴² defined as any company with 51 percent or more of the "paid-up share capital held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes any company which is a subsidiary company of such a Government company" (Department of Public Enterprises, 2017). The passage later in this chapter on the large-scale transformations through the restricted economy will provide more insights into the features that continue to shape the existing economy. Central Public Sector Enterprises (CPSEs) contributed to the GDP around 6 percent in 2015-16 (ibid.). Parallel to the overall situation of the Indian economy, the PSEs also lost profit in recent years. The growth rate of PSEs in 2014-15 accounted of around nine percent.

Having remained the key provider of essential goods and services in the Indian economy, PSEs have been active in several sectors of the basic core industries that have been their exclusive responsibility in times of the restricted economy. Their focus is on Manufacturing than Services as opposed to the Indian private sector.⁴³

⁴¹ In this research's sample, the high integration of the service sector is hardly found and the customer centricity is not directed towards the Global North, which might bring in variations to the national scene.

⁴² Section 2 (45) of Companies Act, 2013, see Ministry of Corporate Affairs (2013a).

⁴³ The biggest sector in 2015-16 (according to the turnover) in Central PSEs is the Manufacturing sector with more than 62 percent, followed by the Services sector at around 20 percent and the Mining sector at around 12 percent. Petroleum had by far the biggest share at around 53 percent, followed by trading and marketing services at around 10 percent, and other sectors below that, see Department of Public Enterprises (2017).

Similarly to the CPES, the State Public Sector Enterprises (SPSEs) parallelly conduct business and keep the welfare of the people in mind. The turnover of the Gujarat's PSEs in the year of 2015-16 was equal to around eleven percent of the State's GDP. The major contributions as net profits to Gujarat's PSEs came from the petroleum, the gas, the mining, and the power sector in 2015-16 (Government of Gujarat, 2017).⁴⁴

However, the opening of the economy with an increasing role of the stock market had also led to a starker adaptation to world market prices in these basic sectors. PSEs are also majorly listed on the stock markets, which integrates them in the same kind of obligations as the private sector. Moreover, there are separate regulations for the PSEs. The changes that were brought to the PSEs due to global capitalism are laid down in the section on public sector in times of globalization in this chapter.

The government exerts considerable influence despite PSEs going public. A high number of procedures are defined by government agencies. Moreover, the boards in the PSEs are staffed with officers from the Indian Administrative Service, from the parent ministry (Phansalkar, 2005). This is also a major difference to the private sector. A huge divergence in the top management of private and public sector companies lies in the salaries of the Managing Directors (MD) and Chief Executive Officers (CEO). While several CEOs and MDs in our sample are billionaires, the salary of the top management in the public sector is according to the payment of the IAS around US\$ 32,000 (INR 20 lakhs). However, the amount of income does not always need to be congruent with the official salary in the function as MD and might very well be beyond the official numbers (Shah, 2012).⁴⁵ Moreover, there is a difference along the same division line in educational qualifications (Schoettli & Pohlmann, 2017).

⁴⁴ According to the sample of this research, interviewees in the following sectors were interviewed: Gas, Chemicals (three companies), and the Mining sector.

⁴⁵ Yet, the incomes are still negligent when compared to those of the private sector.

Due to the particular organizational structure of PSEs with boards of the parent ministry and IAS officers in management positions, decision making is rather slow. Political debates, and the particular bureaucratic paths in the respective ministry leave less space for the management to steer a company's direction.

Large-Scale Transformations: The Historical Origins of the Sociocultures

The following section introduces the large-scale transformations that have shaped the origin of the sociocultures. Social structure, division of work and values with concomitant institutions and practices have existed with variations before the first historical origin that I aim to portray here. However, due to time constraints and with the aim of keeping the subject of this research relevant, I focus on British colonialism as the first large-scale transformation. Even though, in Gujarat due to its stronghold in trade and business the influence of the British was relatively small, the colonial power curbed industrial capitalism. In the course of colonization, the British installed the administrative elite mostly based on English education, which created a new middle class focused on education putting the caste system under pressure.

The second large-scale transformation came with India's Independence and the restricted economy, in which major political interventions shaped the socio-economic realm. The economy was divided into a public and private sector, wherein the public sector was owned and managed by the government with a social as well as an economic motive. Furthermore, the previous incorporation into the global economic order was put off. The focus on education was continued, which supported professionals and strengthened the emergence of a new class that would later build new businesses.

Colonial impact on the Indian economy. British colonization lasted for more than two centuries and left a footprint in the Indian socio-economy. While India had been colonized before by Mughals, and other European powers, the British emergence in the

second half of the 19th century brought some crucial developments particularly for business. The subcontinent had a wealth of experience in trading and merchant activities, yet during British colonial rule industrial capitalism was introduced.

While the British had arrived in the subcontinent in the 16th century, their influence had not been fully established until the 19th century, when political intervention and commercial activities by the British brought several alterations to the Indian social and economic practices (Tripathi 1981a).⁴⁶

British colonial rule assigned India a specific position in the global division of labor. Thus, India had experienced some kind of globalization early on, and not only when the country liberalized its economy in 1991. Even before, kingdoms or merchants had been involved in international relations in political, economic, or social areas (Brosius, Schöttli, & Vermeer, 2015). Under British colonization, India possessed a vulnerable position as it was characterized as an open economy serving Britain's interest through its export-oriented industry. It became a larger exporter of various primary commodities, mainly agrarian in nature, to the Global North. In addition, India depended on overseas short-term capital and exchange banks to finance her trade (Brosius et al., 2015; Mazumdar, October 2011b).

Even though the British had used Indian industry to finance their industrialization in Europe, and while doing so had preferred their businesses over indigenous, they had given certain features that proved to be of advantage for Indian industry later on.

The British fostered foreign trade, abolished custom barriers, introduced a favorable infrastructure for business through the construction of railroads and roads, installed new legal-administration, enacted contract and private property laws, and established business institutions such as the Bombay Stock Exchange and the Federation of Indian Chambers of Commerce and Industry (Mazumdar, October 2011b; Roy, 2000; Tripathi, 1981b). The

colonial rulers installed further a system of direct purchases between weavers and the British, commercial policies, and European style banking (Bhatia, 1974; Kochanek, 1974). The reliable bureaucratic system in addition to the less exploitative tax system than the previous colonizing regime's brought a stable economic climate (Oonk, 2014; Tripathi, 1981a). Before the political climate provided some sort of stability and more sophisticated technology was introduced, the risk in conducting business had been high resulting in rather short-term investments and a focus on trust within the communities was introduced to manage these risks.

Abolishing all legal barriers to importing enabled industrialization as textile mill machinery was imported by the British government in 1843 (Yagnik & Sheth, 2005, p. 104). Thus, another crucial factor that became more prominent later lay in the availability of foreign technology through the British. Together with the merchants' and traders' attitude of acquiring goods instead of being innovative, this might have indirectly led to a hesitant approach to inventing technology (Tripathi, 1996).

Another crucial innovation of the British in the social and economic realm was rather indirect as the British fostered Western education (Bhatia, 1974). The English educated clerks and persons for intellectual functions (Karat, 1972), who became the new political and cultural elite that worked in the top echelons of British administration (Navlakha, 1989). These people mostly came from traditional upper caste families outnumbering those working in business or commercial sectors (Karat, 1972), which further put pressure on the occupational choice based on caste (Tripathi & Juman, 2013). Even before this new class emerged, British ideas and a secular education influenced Hindu reform movements critical to religious and social traditions, bringing new entrepreneurs to the fore.

⁴⁶ The British had not been overly familiar with India. The occupation of Bengal at the end of the 18th century might have spurred colonial aggressiveness and influence, see Tripathi (1981a).

This contributed to the emergence of a new entrepreneurial spirit (Tripathi, 1981a), which was adopted by Brahmins entering big business ventures. New business opportunities for merchants particularly in textile and steel, even from non-business castes, emerged. Nonetheless, the status of business did not improve undeterred. The focus of the British on the “intellectual” upper castes in the administration fostered a rather hostile attitude towards business as well (Adhia, 2013).

While during British rule, the caste order was pressured by non-merchants castes into business as well as a rather horizontal division through the bureaucratic elite (Desai, 1959), there was concomitantly a manifestation of the caste system in certain ways. The census system from 1871 in the framework of general scholarly efforts of the colonizers demanded communities and caste groups to publish their information about their background in order to claim a certain status to the British (Sheikh, 2010). Moreover, caste groups were enabled by the colonizers to organize themselves in associations (Srinivas, 1962). However, the first person to set up a textile mill in Ahmedabad, Ranchhodlal Chhotalal came from a Nagar Brahmin family, followed by several others. Similar to other regions in India, it appears to be decisive that he was well educated and in close contact with the British (Tripathi, 1981a). Yet, the financial support of conducting bigger business could only be provided by the traditional business castes (Spodek, 1969).⁴⁷ Therefore, after several years, Gujarati industrialization was mainly dominated by Banias. Nonetheless, famous non-merchant castes established influential new businesses that would last until present times, in Gujarat particularly the Patidars, such as the Amin family in Baroda.

While the British were present in Ahmedabad from 1818 onwards, their impact had been less prominent than in other parts of the country. Until the end of the 19th century, the

traditional economic structure in the city of guilds and castes had remained relatively strong (Tripathi & Mehta, 1978). Ahmedabadis, not the British in business, had set the tone in business. Business organization had been distinctly shaped through years of tradition by Gujarati traders, merchants, and moneylenders (Oonk 2014).

However, gradually the British brought small change to the social order and business organization. For centuries, the guild institutions of *Mahajan* and *Panch* -the regulatory bodies of castes or occupational groups- had solved all disputes and maintained social and economic control (Yagnik & Sheth, 2005).⁴⁸ Control was exercised by the *nagarsheth*, the traditional leader of the city, who mostly was the leading merchants or banker. His position was mostly inherited within a family and therefore values were preserved. Violating against the rules set up by the guild meant losing *abru*, social status and reputation (Yagnik & Sheth, 2005). The Nagarsheth was the leader in economic, social, political, but also religious affairs (Spodek, 1969). Hence, violating against norms had severe consequences in several aspects. While the British recognized the status of the *nagarsheth*, with two developments this position started vanishing. First, with modern administrative structure, the informal links between the city and state began to break away, which had been one of the major responsibilities of the *nagarsheth*. Secondly, the industrial Chhotalal, the founder of the first textile mill in the city and from a non-merchant caste, became the President of Ahmedabad Municipality, which further diminished the relevance of a *nagarsheth* (Tripathi & Mehta, 1978).

New guilds were founded, which continued most business and social practices such as settling disputes or philanthropic activities. At the end of the 19th century the political

⁴⁷ After the First World War a different situation arose, in which there was a huge internal demand for basic commodities, a change away from free trade policies, new demand for Indian products due to the nationalist (Swadeshi) movement, along with a stable currency. Thus, investing in new business ventures became less risky and more profitable, which increasingly attracted traditional merchant castes, see Tripathi (1981a).

influence was expanded as there were seat reservations for the merchants associations in the Bombay Legislative Assembly and later in the Central Legislative in New Delhi (Spodek, 1969).

A further, and major, impact on business organization had been the British commercial law through laws on joint stock companies and the Managing Agency System (Tripathi, 1981a). The Managing Agency System⁴⁹ was surely not taken over completely, but merged with the intra-family property holding that appeared rather non-transparent (Bagchi, 1999). Thus, to fit in with the practices the law was broadened slightly in its implementation (Naudet & Markovits, 2014). The stronghold of tradition in Ahmedabad led to the managing agent and the directors of the companies being the same person and the system was hardly used for expansion of the companies. Thus, there had been hardly change towards professionals in the city's businesses despite the introduction of a new management system (Spodek, 1969). More on the stronghold of family can be found in the section on the core institutions.

Even though, the British introduced English-style banking, the traditional credit system persisted. Credits were given for entire families, not individuals. In order to obtain a credit, the family needed good reputation, which could be achieved by religious merit or civic affairs (Bayly, 1983). Complying with the rules of the community and guilds, there was a certain amount of social control on the families (Oonk, 2014). The changes within the system

⁴⁸ Guilds had been rather scarce in the Deccan, now India, with the exception of Ahmedabad, see discussion in Roy (2008).

⁴⁹ The Managing Agency System was the dominant structure in Indian business until its abolition in the late 1960s by politics (Nafziger 1978; Tripathi 1981). The business organization emerged in India around 1840 by the British in Calcutta, and later in Madras, and Bombay. Indian textile firms in the late 1850s adopted the system in Bombay and Ahmedabad, see Kling (1966). The Managing Agency System was invented to manage a joint stock company in the hands of a firm of professional managers, but usually in the hands of the family see Ray (1985). The managing agent was responsible for promoting, financing, and organizing the joint stock company, see Kling (1966), which had also found its way into Indian business by British commerce, adapted mostly by Gujarati Hindus and Jains, see Sundar (2013); Brosius et al. (2015). Joint stock companies enabled to finance fixed investment by share capital issues, see Rungta (1970); Lokaanathan (1935).

of financialization are also discussed in the section on the core institutions later in this chapter.

Summarizing: what had been significant in Gujarati business and has persisted to some extent, even though it was only alluded to until this point in the chapter, are the particular business organizations, in which tight-knit family networks and family organization, and the credit system play a significant part. While the Managing Agency was introduced, it had been adapted to fit with the centrality of the family as business organization. Apart from the credit system that existed within the communities, the British introduced European style banking with a long-lasting effect. Another feature that had been established and maintained its significance was the infrastructure that had been established by the British along with their stable legal and administrative system. The caste system had been slightly altered as several other upper castes had found their way into business.

The access to foreign technology made available by the British along with the persisting focus on trade and investment contributed to the lack of innovation in technology in Gujarati business. British colonization created a focus on higher education that would persist and was even fostered in post-independent India creating a new outlook even in business. Moreover, the business community was broadened with the entrants from non-merchants' castes, and business obtained a better standing through the Hindu reform movements.

The restricted economy. The next large-scale transformation for Indian and Gujarati business came with India's Independence from Great Britain, the strong position of the state, and the concomitant decline in integration into the global economy.

Early on after Independence, politicians opted for a state-led economy. The government divided the economy into public and private sector, reserving several key sectors for the public sector while also restricting the private sector further since in some sectors

businesses had to obtain special licenses which would allow them to open new companies.⁵⁰ Therefore, this period is also called *License Raj* (License Rule). Nonetheless, the socialist sketch of the political economy should not be overestimated as the Indian economy had been relatively open, and strong socialist features of redistribution were lacking (Balachandran & Subrahmanyam, 2005). One might rather speak of a “socialist rhetoric” (Tripathi & Jumani, 2013) than of real distributive policies.

In the following, the emergence of this division as well as the social orientation of the public sector is elaborated on. Even though big business could not conduct business without restrictions, it had nevertheless possessed valuable advantage due to small competition from international as well as domestic markets.

The Indian economy after Independence. At the time of independence, the Indian economy was characterized by a large agricultural sector, accounting for more than half of output and three-quarters of employment and a traditional manufacturing sector (Mazumdar, 2014). The majority of the people remained utterly poor. A technologically highly developed industrial sector was of rather negligent character (Mazumdar, October 2011b; Tyabji, 2001). In addition, India possessed a relatively weak position in the global economic order. When it came to technology, Indian industry was less developed than in earlier times. India was dependent on imports of capital goods and on transfer of know-how in general just as other late industrializations (Mazumdar, 2014, p. 83).

Socialist outlook of the economy. Leading politicians opted for a primarily state-led economy, which they thought would enable the country to obtain a stronger position. A socialist outlook of the Indian economy would lead to economic growth, reduction of disparities in income, and a free and egalitarian society (Singh, 2012). Economic policies

⁵⁰ Industrial licensing was introduced through the Industries (Development and Regulation) Act of 1952 and expanded by the Mahalanobis Committee on Distribution of Income and Levels of Living of 1960, the Monopolies Inquiry Commission (1965) and the Industrial Licensing Enquiry Committee (1969). Licenses were

after Independence were shaped by Prime Minister Jawaharlal Nehru's vision of an active state (Frankel, 2005). To Jawaharlal Nehru, the First President of India, the social question was to be resolved through state led economic reform (Kohli, 2010). The development of "socialism" became the official doctrine in 1955 of the Congress Party.⁵¹ economic planning in combination with ideological orientation. Yet, scholars had argued that India remained a capitalist economy despite the formal adherence to socialism. While the state played an important role, the private sector remained strong (Bettelheim, 1968).

Nehru had criticized the Gandhian *trusteeship* principle⁵² advocating rather a strong state to check power of capitalists for the sake of the public good (Dwivedi, 1982). Moreover, Jawaharlal Nehru (Nehru, 1946) openly spoke out against the pursuit of profit and argued for a general persuasion of the Indian citizens to consider business as inferior to knowledge gain:

It would be absurd to say that the profit motive does not appeal to the average Indian, but it is nevertheless true that there is no such admiration for it in India as there is in the West. The possessor of money may be envied but he is not particularly respected or admired. Respect and admiration still go to the man or woman who is considered good and wise, and especially to those who sacrifice themselves ... for the public good (Nehru, 1946, p. 554).

However, it was not only Nehru's personal belief that led India to a restricted economy. It was partly the economic theories of that time that shaped India's economic

required in sectors such as coals, iron, steel, minerals, shipbuilding, manufacture of aircraft, telephones if they served a public interest (Frankel 2005).

⁵¹ The Industrial Policy Resolution of 1945 (in combination with the resolutions of 1948 and 1956) laid the foundation of India's economic policies. The Resolution of 1945 called for government control (and division between public and private and within the private sector) in over twenty key industries. The idea was that the government could influence India's path on industrial development and it should have significant influence over certain industries. Moreover, the Resolution stated that basic industries would be nationalized if regarded adequate capital was not forthcoming, see Inoue (1992).

⁵² The concept of "trusteeship" asserts the right of the capitalist to accumulate and maintain wealth and to use it to benefit society, see Narayan (1966). Gandhi argued that the wealthy should be trustees of their wealth, using only what was necessary for personal use and distributing the surplus among the needy. Politicians perceived industrialists in the 1920s in this new light of trusteeship as they contributed financially to the cause of the Independence movement, see Markovits (2008).

policies. Several post-colonial leaders were convinced of central planning as the Soviet Union had rapidly industrialized (Hirschman, 1981).

India's model of a *mixed economy*⁵³ entailed the pursuit of self-sufficiency in importing capital goods and later on to improving consumer goods. The post-independent government was convinced that this goal was not achieved by the private sector alone, but it needed state intervention. Therefore, it created a division between private and public and in over twenty key industries that would solely be the responsibility of the state. Hence from the beginning, the public sector attained the “commanding heights” in the economy. Before the First Five Year Plan (1951-56), the private sector generated over 90 percent of India's gross national product (Malenbaum, 1971).

Moreover, as the industrial sector was intended to be strengthened, technical education was supported. Educational facilities, which catered to the needs of the industrial sectors, had been established such as government-run Industrial Training Institutes, or to some extent private-sector run Industrial Training Centres (Chenoy, 2013).

In the restricted economy, credit taking was limited. All regulations on taking a credit needed prior government approval. Financial institutions were not required to function on profitability. All major banks in the country were owned by the government since the late 1960s. Moreover, companies were restricted in the late 1970s to a maximum of 40 percent of foreign shareholdings (Beena, Bhandari, Bhaumik, Gokarn, & Tandon, 2004).

⁵³ To a certain extent, the use of economic policies by big business stems from a document of pre-independent times that had shaped India's economic policies to a great extent: the Bombay Plan. The Bombay Plan acknowledged the poverty and proposed rapid economic development as solution to it, see Nayar (1971); Chibber (2006). Moreover, the document spoke for a public action, see Chibber (2006). Planners asked major industrialists to help formulating the Bombay Plan. Given politics' interest in the Soviet model, some of India's big industrialists came together to form the Bombay plan in 1944 (Inoue 1992; Markovits 2008). The big business houses had exerted some influence on economic planning given the restrictions of the Soviet model favored by politicians. The Bombay Plan already pointed to the “Nehruvian consensus” (Frankel 2005) of state intervention in the economy and heavy industry as the means for India's development path.

In her beginning, independent India would witness an expansion in industry in private and public sectors. Several new entrants came into the scene. The picture was rather complex as there was a reordering of relative positions in the large business sector (Mazumdar, 2011a). However, the economic power appeared to remain in the same hands that had emerged before. Not only did most of the actors stay the same, but also social factors such as caste and community remained unaltered. This concentration in the industry aroused some irritation among the top political level and led to some inquiries in the late 1960s and 1970s. The Government of India set up several inquiry committees (Krishna, 1992).⁵⁴ All committees reported a concentration of wealth and the misuse of the licensing system. There was an under-utilization as well as an over-utilization of licenses in different times of the regulated economy (Mazumdar, 2011a). Along the way there was a discourse, in which profit making became a derogatory term and private gains were considered antisocial (Sundar 2013). This discourse was mostly uttered among Gandhians, socialists, communists and some part of the intelligentsia (Kochanek, 1987).

The influence of foreign companies or Multinational Companies (MNCs) was rather restricted. The last European controlled firms vanished or lost significant relevance by the 1970s. However, their influence remained somewhat indirectly as technical collaborations and joint ventures with Indian companies continued to exist (Mazumdar, 2012).

Even though the private sector underlay restrictions, some big business houses had profited from *License Raj*. The regulations were circumvented by some big business houses

⁵⁴ In 1964 the Mahalanobis Committee (Government of India 1964) reported that despite government policy and rules, significant increases in the concentration of wealth occurred between 1951 and 1958. Similarly, the Monopolies Inquiry Commission of 1965, see Government of India (1965), reported that just 75 business houses in India controlled 44 per cent of the total paid-up capital and 47 per cent of the total assets of all non-governmental and non-banking companies. The Industrial Licensing Policy Enquiry Committee, established in 1969, also reported many examples of business houses obtaining a large proportion of the licensed capacity in certain key products in order to limit the ability of other companies to gain access to the market. The committee also found that nearly one-third of the total licenses issued in the period between 1956 and 1966 had not been used, suggesting again that moves to obtain excess licenses were intended to prevent other companies from developing their own capacity in manufacturing the licensed products, see Krishna (1992).

or even used to maintain a powerful position in an industry with little competition (Kochanek, 1996; Kohli, 2010; Mazumdar, 2011a). Especially the few big family business were growing and creating monopolies (Panini, 1989; Tripathi, 1981b). Yet, not all business houses were able to use the time of the restricted economy for their purpose. Politics and state decision-making were characterized by changing dynamics, which not all business houses were able to control. The practices to protect some houses or to give support to newcomers changed throughout time. The misuse of the regulated economy became more pronounced after 1970 (Kochanek, 1987; Virmani, 2006). As big business possessed larger resources, better information, and had a more favorable organization, it could often make use of possibilities in the restricted economy. Several businesses opted for influencing the decision-making process or securing multiple licenses with their various companies to survive under these circumstances (Bhagwati & Desai, 1970; Government of India, 1965).

The Managing Agency System that had been established under British colonization found its end due to political pressures. The system was mainly criticized for its concentration of economic power within and across industries (Nafziger, 1978). By the 1970s, this managing system had been slowly replaced by one with salaried top professionals (Reed & Reed, 2004), which was enabled by the increased management education in India (Tripathi, 1981b). Yet, the formal abolition of the Managing Agency System did bring about variations in other areas as new challenges arose. As the Managing Agency system depended on few top management personnel and venture capital to be mobilized among the inner circles, recruitment and acquiring capital underwent significant changes. Yet, it was not only the need to look for personnel outside the family or being able to draw upon, but new industries that were technology-led required personnel with enough educational skills. With the formal abolition of the Managing Agency System, the size and complexity of operations began to change, which played into the need for more skilled management personnel.

The public sector: the commanding heights of the economy. The public sector was thought to bear specific roles in the economy. Public Sector Enterprises (PSEs) were expected to contribute to the alleviation of several problems such as poverty, social injustice (Bhandare, 2000) and provide infrastructure for economic development, generate surpluses for economic development by earning suitable returns, and prevent the concentration of economic power (Khanna, 2012a). The public sector also bore the responsibility of providing job opportunities and levelling out regional imbalances in economic development (Jain, Gupta, & Yadav, 2014b). PSEs contributed to this plan by ensuring that vital articles for mass consumption were available, or prices were kept low in essential products (Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, 2003).

The public sector's orientation towards social development is reflected in the preamble of the Constitution of India. Article 39 (b) incorporates the direction towards a common good that the state and therefore the public sector has to support. The article demands from the state "that the ownership and control of the material resources of the community are so distributed as best to subserve the common good". Moreover, article 38 attributes the state a role of welfare to its citizen by social, economic, and political justice. Hence, "The state shall strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice, social, economic and political shall inform all the institutions of the national life."

Over the years, PSEs were criticized for several issues such as the delays in the execution of projects, which were after their completion and also hardly utilized due to their lack in capacity. In general, the public sector appeared to have raised too little surplus for further investment (Singh, 2012).

While the role of the public sector in India was subject to change, PSEs established themselves over the years as foundation of the Indian economy. During the restricted

economy, the public sector diversified its activities into further industries, among them consumer goods, cement, and drugs (Jain, Gupta, & Yadav, 2014a).

Effect of License Raj. While the government aimed to support the development of industrialization, India had not been transformed into a highly industrialized country during the regulated economy but had remained characterized by its major share in agriculture even after the liberalization of the economy. Industrial expansion contributed little to the growth of agriculture. The rather small existing industry at Independence was still relatively dominated by the traditional manufacturing sector (Mazumdar, 2011b) supporting the big businesses that had existed already before the country's foundation. Some have even argued that the restricted economy produced even more patronage (Kochanek, 1974).

While there was little growth in terms of industrial output, or share in aggregate output, the state-led economy resulted in a greater diversification of the industrial structure. The post-independent industrialization in India was, however, domestic. This implied a kind of protectionism for Indian companies as their business faced only little competition in the narrow domestic market (D'Costa, 2005). The diversification or expansion of businesses occurred in this national market as well and was therefore limited.

The diversification had tradition in the Western region. Reasons for the diversification already in the 1930s were assumed to be due to the intensity in competition and to the low rate of fixed-capital leading to swings of investment, until one industry was over-financed and then unprofitable (Chandavarkar, 1994).⁵⁵

At the time of independence, big business was concentrated in cotton and jute textile industries, mining, or tea manufacturing. In Gujarat, particularly the textile sector was the mainstay of the industry. The organized mills in the entire country accounted for four fifths of

⁵⁵ Mostly the market would invest in consumer durables as the market was already known or easily assessed. Thus, the industry became quickly saturated and investors moved to the next industry, see Chandavarkar (1994).

India's fabric production (Mazumdar, 2010). However, a prolonged crisis in the textile industry due to prolonged strikes together with the restrictions through the government led to a shift towards the informal sector (Mishra, 1993). While the textile sector was no exception as other industries had become limited or hardly relevant for large companies, by the 1980s the industrial set up had changed. The picture of the downfalls within the business class was rather complex. Some business houses maintained their position despite staying at least partially in traditional sectors, while entering the upcoming industries was no guarantee for success. Industrialists like the Gujarati Mangaldas, who had achieved his business success in textile industry, lost all their relevance. However, other big industrialists like Birla, Kasturbhai Lalbhai, Mafatlal, or Goenka were able to stay in business despite the industrial changes by finding new business opportunities. In general, post-independence meant a tremendous churning for the traditional Gujarati business community. The Lalbhais and the Sarabhais had lost great power despite their traditional high social status in Ahmedabad (Damodaran, 2008).

Thus, established groups, which were active in traditional as well as in new sectors, experienced significant decline, while new groups also entered traditional sectors such as textiles that have continued to play a major part in the present Indian economy (Mazumdar 2011a). Chemicals and engineering replaced the rather light industries that had dominated the sector.⁵⁶ Big businesses were built around other industries that had grown over the years such as steel, chemicals, cement, or automobiles and its products. These newer industries involved more sophisticated technology, which – even though Indian companies lacked in their development – they adopted successfully. The products they now manufactured were not

⁵⁶Mazumdar (2010) considers this transformation towards 'diffusion of industrialization' a typical pattern in the second half of the twentieth century, in which countries in the Global South aimed to approach industrial structures of advanced countries.

addressed to the poor and populous market, but a narrower target group, which promised more profits as these new groups possessed higher income.

Economy in Gujarat in the restricted economy. Gujarat's economy after Independence is in some respects interlinked or even similar with the nation's path of industrial development. This interconnection results from the state's prominent role in the textile sector, which had been central to India's industry. Due to the state's tradition in business and trade, however, there had been also distinctive features of the economy diverting slightly from the national scene as several structures and practices had persisted even in times of strong involvement of the government.

At the time of Independence, India's organized textile sector had accounted for the majority of fabric production (Mazumdar, 2010), yet the crisis and the changes in government policy led to a shift to the informal textile sector (Mishra, 1993), which affected the state for whom the textile industry was its major mainstay. Moreover, at the time of Independence the Indian economy was still relatively dominated by the traditional manufacturing sector (Mazumdar, 2011b). Already the first policy after Independence hampered the mills' business. The Industrial Resolution of 1947 had a crucial impact on Ahmedabad's industry: it declared Ahmedabad among others a surplus area in textiles and therefore ended the possibility for expansion (Spodek, 1965). Not only because of the problematic industrial situation in textiles had business in Gujarat started diversification, primarily in the chemical industry. It was not only Gujarat, that had started diversifying away from its problematic textile sector towards others such as chemical and engineering, similar shifts were also observed nationally.

The famous industrialist Kasturbhai Lalbhai had already founded the Anil Starch company in 1939 and later established two other chemical companies. Another influential industrialist Vikram Sarabhai had his plant in 1947 to produce caustic soda, chlorine, and

related chemicals. Both sought support of foreign companies for this endeavor in the new industry (Spodek, 1965; Tripathi & Jumani, 2013). Thus, the new industries in pharmaceuticals, pesticides, chemicals, or dye intermediates helped to make profits (Tripathi 1981). As their knowledge needed further update, industrialists founded the Ahmedabad Textile Industry Research Association, ATIRA, in 1947 for training, research, and educational purposes (Spodek 1965).

Hence, the restricted economy did not mean a complete loss for business families in India and Gujarat. Gujarat was particularly remarkable as bureaucrats and technocrats circumvented the rules given to create a developmentalist agenda (Sinha, 2005). Mitigating national economic policies by finding loopholes to redirect the flow of investments to Gujarat was among the priorities for bureaucrats in the state. Thus, while the political establishment followed the ‘socialist rhetoric’ (Kochanek 1974, p. 91), several private sector companies could maintain their social position. Nonetheless, *License Raj* could not be fully bypassed. With the diversification, even though limited, several big business houses such as the Lalbhai family managed to succeed in times of restricted private business (Chibber 2004; Mazumdar 2011a).⁵⁷ Diversification can be regarded as a means of risk mitigation of these industrialists due to state intervention and the lack of a profitable economic market, in which licenses prevented high economic gains (Ruetten, 2002). Moreover, the relic of the Managing Agency System fostered diversification into various lines in the industry, and the MRTP Act that would not allow the creation of monopolies in business had further supported diversification (Phansalkar, 2005). Diversification of industries and the upcoming, yet relatively privileged middle class changed the composition of the business class, as the chapter on caste will explain more in depth.

⁵⁷ There was an under-utilization of licenses as well as an over-utilization in different times of the regulated economy (Mazumdar 2011a).

In summary, along with the persisting stronghold of family in business, the restricted economy after India's Independence brought several changes to the country. The public sector was ascribed a centrality for the economy, implying social along with economic motives. Moreover, the public sector brought more employment, however most of the workforce remained in the agricultural sector. Business was regarded slightly antisocial. The economy was hardly integrated in the global economy, which entailed a lack of foreign investment in the country. The credit system within the communities persisted, yet public financial institutions supported businesses favorably to foster the domestic economy. Technical education, started under the British, was extended, which proved to be favorable for new entrants into business by the 1980s. The changes towards sectors such as engineering or chemicals with the concomitant shift away from the textile industry in Gujarat also helped new entrants into the scene. As these industries involved more technology, the need for more professionally educated personnel grew. The next passage will shed more light on the transformations towards economic liberalizations that started in the 1980s, particularly on the shifts in economic policy at national level and on the change in the industrial sectors in Gujarat.

First steps of economic liberalization in the 1980s. Before the official and broad liberalization of the economic market in 1991, India experienced some first attempts already in the 1980s (Ahuwalia, 1995; Das, 2000). By then, India's economy was characterized by a robust indigenous industrial sector and a low foreign debt economy (Kohli, 2010). The Industrial Policy Statement of 1980 became the first step towards a turning point for the Indian economy, focusing on economic growth after troubling years. Politicians favored industrial production supporting big business. Economic difficulties such as the worsening of the balance of trade, continuously rising external debt and the increasing burden of the servicing of that debt (Pedersen, 2000) posed a burden to India's economy.

While the government still used social justice rhetoric, more stress was put on liberalization of the market. Prime Minister Indira Gandhi shifted from a rhetoric of distributive justice to economic growth. The reforms were more pro-business than pro-liberalization in the 1980s (Kohli, 2010). In late 1981, the government made use of the International Monetary Fund (IMF) to overcome the country's balance of payment difficulties. The government started to further deregulate imports. Moreover, the first joint project at national level marked a step towards liberalization in 1982.⁵⁸

The reforms before the economic liberalization in 1991 still meant a lot of restrictions to most Indian businessmen (Tripathi & Jumani, 2013) apart from big business. Yet in general, politics allowed the private sector more space for growth. Business should mobilize its financial resources for investment and modernization with the financial support by the public. Thus, the capital issued by the private corporate sector increased by 170 percent in the first three years of the 1980s (Mukherjee, 1984). Big business and some subsidiaries of transnationals were eager to obtain new licenses pursuing diversification. As FERA allowed the dilution of foreign equity holding, many subsidiaries made use of this, which floated shares in India without bringing in foreign investment. The government brought in several initiatives for liberalizing the economy such as nationalizing some banks that were losing money, provided tax relief to big business, cut back some of its expenditures in PSEs, and started to further deregulate imports (Kohli, 2010).

With Prime Minister Rajiv Gandhi's government in 1984 more focus was put on liberalization. The Open General List was expanded, the procedures and conditions for import licenses relaxed, the list of imports enlarged and the foreign exchange quota for imports expanded (Inoue 1992).

⁵⁸ The joint project of the Maruti-Suzuki between the Japanese company Suzuki Motor Co. Ltd. and the Maruti Udyog Ltd. marked a step towards economic liberalization in 1982 (Kohli 2010).

Socialism as direction for the economy appeared to be abolished (DeLong, 2001; Kohli, 2010). Several small steps were undertaken in the direction of economic liberalization such as diminishing the Planning Commission and creating the Ministry of Programme implementation. Moreover, a New Fiscal Policy was announced in 1985. In 1986 the scheme for licensing exemptions was extended to MRTP and FERA companies in 23 of 27 industries under the condition that enterprises would apply for locations which the central government had declared backward areas (Inoue, 1992). Moreover, some efforts were made to liberalize credit for big companies (Corbridge, 2010).

However, there is a whole discussion about whether India's economic growth had started in the 1980s before the liberalization policies or after, in the 1990s. Kohli (2010) argues that the 1980s growth was debt-led, whereas the growth in the 1990s was driven by investment in the private sector. Nonetheless, while the decisive year was 1991, small changes in economic policies altered the economic environment.

Additionally, apart from small changes in economic policy, the transition in importance of the industrial sectors had brought about a bigger change to big business. Whereas at independence, large companies had been active in a few traditional industries like the cotton and jute textile industries, their significance had dropped. New sectors such as steel, chemicals, cement, automobiles, industrial and other machinery and consumer electronics had become the main industrial sectors companies concentrated on.

These new sectors brought along a focus on technology. Previous traditional sectors such as textiles catered to low-income mass markets, the new sectors, however, were oriented towards narrower markets with higher average income (Mazumdar 2011b). Established business houses had mercantile roots, which - together with the colonial period, in which indigenous innovations were not particularly fostered - reflected in their attitude towards

technology as a good to be acquired in the market rather than to be invented (Mazumdar, 2014).

Another crucial aspect was that these tentative changes in economic policy could be considered rather pro-business than pro-market, supporting big business more than changing the economic policy significantly allowing free competition (Kohli, 2010; Rodrik & Subramanian, 2004).

A change in the business environment in the 1980s, the rise to prominence of new industrial sectors such as petrochemicals and electronics, and the astute use of politics to further business interests have all aided the rise of some business families (Bagchi, 1999). As a result of the first liberalization and new industrial sectors, private companies grew at a relatively high rate of 13.5 percent in the 1980s whereas the public sector grew at only 3.3 percent (Kohli 2010). The higher growth rates later might even be attributed rather to the smaller reforms in the 1980s than the economic opening in 1991 (Basu & Maertens, 2007). Even though the first attempts of liberalization supported mainly big business, some new entrants showed strong ambitions. Most of these groups pursued a powerful expansion in the previously deregulated infrastructure sectors such as oil and gas, or the power sector. The groups diversified into various sectors given a high rate of appraisal (Banaji, 2000).

This “quiet revolution” in the 1980s (Pedersen, 2000) brought forward a new type of industrial establishment, which was smaller and rather professionally managed than the traditional big family business houses. Moreover, the new companies were oriented towards modern technology. They would profit from the opening of the market, as the restricted economy meant advantages for established enterprises (Kohli 2010). The opposition could hinder economic liberalization since the mid-1980s but failed due to the tightening crisis in 1989-90. Politicians feared a further cut in expenditures would damage a re-election. Moreover, the sense of failure of socialism (in redistributive efforts) such as land reforms

provided an opening for liberalization policies (Kohli, 2010). Thus, with the year 1991 new economic reforms supported the widening of the economic field in the country.

Tentative changes in Gujarat's business scene in the 1980s. Apart from the policies toward economic liberalization, there was further social change in Gujarati business. In the 1980s, Ahmedabad's industrial scene changed tremendously as the city had so far been dominated by the textile business. The first obvious signs of change came in 1984 and 1985 when fourteen textile mills closed in Ahmedabad. The established textile elite were no longer setting the tone in the job market nor exerted as much financial power in the city (Spodek, 1989). With the sickening of mills, there was also a visible transformation in the social composition of the business class. While aging and sick mills were sold to outsiders, new entrants came in to the scene. Two examples for established family businesses in Gujarat were *Arvind Mills Ltd.* and *Alembic Pharmaceuticals Ltd.*

Arvind Ltd. - of the traditional Lalbhai family- is one of the largest denim manufacturers in the world but struggled in the mid-1980s. Debts and a crash in denim prices globally had made the company struggle financially. Yet, what is remarkable about *Arvind Ltd.* is the trust the company could rely on in times of financial struggles. Thus, the company survived these times when they obtained sufficient financial capital for a restructuring.

One of the older companies in Gujarat that had survived the 1980s is *Alembic Pharmaceuticals*, which was founded in 1907 in Baroda, Gujarat. With a continuous focus on technology and an early venture from power alcohol to pharmaceutical sector (Datta, 2016; Tripathi, 18 June, 2010), the company has been one of the examples of successful established family businesses.

New business entrants in Gujarat by the end of the restricted economy. Newer entrants came, who were even more successful than the old guard. One prominent example is that of Karsanbhai Patel, who comes from a farmer's background in Northern Gujarat. He

founded his company *Nirma* from scratch in 1969 as a soap manufacturer and distributor. With a degree in chemistry and a job in the same field, he had enough knowledge to produce soap. Along with his job, Karsanbhai manufactured soaps at home distributing them from house to house by himself. Karsanbhai could offer soap to a fraction at what multinationals did, which became the company's trademark. By the 1980s, *Nirma* had reached a highly respected position in India's detergent market. Like the established business houses in Gujarat he later founded educational institutions such as *Nirma University*, in 2003, formerly *Nirma Education and Research Foundation*. Moreover, he has donated to Vaishnava religious institutions such as the ISKCON temple (Hiscock, 2008). Like established business, the top level of his organization is run by family.⁵⁹ The company is an exception among Gujarat's top companies as it is not listed. There is one differentiation to the former industrial families, which is representative of his times: Karsanbhai did not grasp for a public position of leadership in Ahmedabad.

Other examples of new entrants are the *Torrent Group* and *Cadila Healthcare*. While the former is quite diversified in the sectors that brought most growth to the state (pharmaceuticals, chemicals, and power), *Cadila* focused on healthcare products. Both are family businesses with professionals in the management and family members at the top and a high ownership of shares at around 70 to 75 percent. Both companies had been found in the 1950s (Spodek, 2011), coming from a professional background in the field, starting at a modest level.

An interesting case of a highly successful conglomerate is the *Adani Group*. The case is startling to the public eye, because the founder Gautam Adani is a self-made billionaire, who turned a minor commodity into a conglomerate by sheer-size among the largest groups in India. His family's wealth is estimated at \$11 Billion, at number 10 on India's Forbes list.

⁵⁹ His two sons are Vice-Chairman and Managing Director, his son-in-law is the executive director.

His group operates across sectors such as ports, shipping, coal, power, and infrastructure. His *Mundra Port* is the largest private port in India. Gautam Adani is a college dropout who made his first million as diamond trader in Mumbai before returning to Ahmedabad to join his brother's business in PVC trade in 1981. The almost decisive turn that paved the way for his extensive conglomerate was when he switched to export and founded *Adani Exports Limited* in 1988. The Government of India had announced a policy granting 100 percent tax exemption for export items⁶⁰ and Gautam Adani took the opportunity. The company had continually diversified into various sectors (Tripathi & Jumani, 2011) by earning some small amount in one business to finance expansion in another business. Adani Group has a controversial connection to politics and possesses an unusual high debt load to PSU banks (Sud, 2012; The Hindu, 2016).⁶¹

Another highly successful company from Gujarat, yet smaller than the *Adani Group* is *AIA Engineering*. It is an example of a company without prior business networks in the engineering field, which stepped onto the scene just before the economic liberalization. Bhadresh Shah founded *AIA Engineering* with some detours. After graduating in engineering Shah set up a foundry in 1976. As opposed to earlier traditional family businesses he did not rely on the business networks for major financial support, but instead received a loan from Central Bank of India with some initial capital by his father. His business is a niche, in which the company had globally only one competitor. He also owns the majority of shares in the company. Bhadresh Shah has been also in the *Forbes* "India's 100 richest people" list. Demonstrating the significance of Gujarat's economy, several other businessmen from Gujarat are listed in the *Forbes* ' "India's 100 richest people" such as Pankaj Patel (Cadila

⁶⁰ The close connection started when the company profited from Prime Minister Gandhi's initiative to exempt PVC from licensing in the mid-1980s.

Healthcare), Gautam Adani (Adani Group), Sudhir and Samir Mehta (Torrent Group), Karsanbhai Patel (Nirma), or Chirayu Amin (Alembic Pharmaceuticals).

Economic Liberalization in 1991. While in the 1980s several changes in economic policies on economic liberalization were undertaken under Prime Minister Rajiv Gandhi (1984-9) (DeLong, 2001; Kohli, 2010), 1991 is regarded as the decisive year for economic liberalization in India (Ahuwalia, 1995; Das, 2000). Thus, the third large-scale transformation presented here is the liberalization of the Indian economy in 1991.

Economic difficulties throughout the 1980s already posed a burden to India's economy. The First Gulf War resulted in an even tighter financial situation for India due to increased oil prices and investments that were drawn back by Non-Resident Indians. In addition, the international political scenario had changed. On one side, there was the collapse of the long-time political and trading ally the Soviet Union. On the other side, the World Trade Organization (WTO) came into being in 1994. The WTO demanded the abolishment of import quotas and decrease of tariffs. Furthermore, India's internal political scenario had changed as well. With the general elections in 1991 the government in India altered: Narasimha Rao became Prime Minister and Manmohan Singh his Finance Minister. In the same year, the Indian government agreed on the "Structural Adjustment Program" with the International Monetary Fund (IMF) and received funds, worth of US\$ 1.8 billion (Frankel, 2005; Pedersen, 2000) and later additional funds from the World Bank and the Asian Development (Frankel 2005). Several economic policies were liberalized after the consultation with the IMF (Chaudhuri, 2003; Harriss & Corbridge, 2000; Shrivastava, 2010). Industrial licensing was abolished, import quotas were removed, import tariffs were lowered

⁶¹ A company not included in this study but might be associated with Gujarat industrialists is *Reliance's* Dhirubhai Ambani as he was born in Gujarat. Moreover, the group still has major plants in the state. Thus, let me shortly give an introduction. His son Mukesh Ambani is the richest Indian listed in the Forbes list. However, Ambani plays an important role nationally than for Ahmedabad or Gujarat. Nonetheless, the group continued to be significant for Gujarat's economy.

to curb international trade,⁶² the currency was devalued,⁶³ public sector monopolies were broken and various restrictions on external financial transactions were eased (Basu & Maertens, 2007; Chaudhuri, 2003; Das, 2000; Kohli, 2010).

Some scholars criticized the Indian government for having accepted an “orthodox reform package” from international organizations (Harriss & Corbridge, 2000; Kumar, 2010). Despite the changes, India’s government was not in favor of a so called “shock therapy” that Latin American countries went through but opted for soft changes (Corbridge & Harris 2000; Kohli 2010) in contrast to World Bank suggestions. Manmohan Singh, then Finance Minister, argued that the Indian economy had relied since the 1950s on foreign aid: first on cheap flows of food grains from the US and others, added by a loan from the IMF and borrowings in the 1980s (Harriss & Corbridge 2000). Thus, the World Bank was represented in India even before the famous year of 1991. The World Bank already intervened in Indian politics, for example, in the 1960s when the institution attempted to “increase food production” through the agricultural program of the *Green Revolution*⁶⁴ (Shrivastava, 2010) or through dairy development establishing milk cooperatives, particularly in Gujarat in the so called *White Revolution* (Yagnik & Sheth, 2005).

The Indian economy in times of global capitalism. The large-scale transformation of the economic liberalization became more pronounced since 1991 and entailed several changes for Indian business. In the following, first the changes made directly to the Indian economy will be addressed. Second, the particular feature of the financialized economy will be discussed. Third, the changes in the business community with its new entrants that had

⁶²The decrease of import tariffs occurred already from 1987 onwards. However, they were among the highest of the world at 30 percent.

⁶³ In 1994, India accepted the IMF Article 8, which made the rupee convertible on the current account and replaced its Foreign Exchange Regulation Act by the Foreign Exchange Management Act, which meant a shift towards a regulatory framework against a former administrative control, see Kapur (2014).

been indicated in the previous passage will be explained. Finally, the changes for the public sector due to the integration into the global economy will be given.

India's economy after economic liberalization. The Indian economy experienced a growth after the economic liberalization. India's economy had been characterized by a low growth rate of around 3.5 percent just before 1991. After the economic reforms, the growth rate in the 1990s increased to 5.7 percent and even to 7.3 percent in the 2000s. The growth rate was mostly attributed to growth in the industry and services, whereas agriculture experienced negative growth (Ministry of Finance, 2017). Moreover, the private sector increased its share in net fixed capital stock. While many Indian businesses have continued to be manufacturing companies, even though they diversified away from the previous labor-intensive products, the service sector has been of rising importance for the Indian economy. The service sector has even displaced manufacturing as principal sphere of private corporate activity, which can be understood as de-industrializing of the Indian economy (Mazumdar, 2010).

Financialized economy. Liberalizing economic policies brought several changes in the Indian economy. Yet, an area that experienced little change was the influence of foreign investors in India (Beena et al., 2004). Foreign Direct Investments (FDI) were allowed with liberalization, which resulted in an increase of net FDI inflows from 0.23 percent in 1980 (Sinha, 2011) to 1.9 percent in 2016 (Ministry of Finance, 2017). Since FII were allowed in India in 1993, international investors have impacted the Indian economy as traditional hierarchies have been churned. Yet, particularly in the first phase after liberalization, the returns were so high for FIIs that they felt no need to pledge for measures of monitoring (Banaji, 2000). Nonetheless, India has not emerged as a very important FDI destination

⁶⁴ The *Green Revolution* aimed to overcome the food crisis in the 1960s by supporting the land owning classes through entrepreneurial efforts, while also helping the landless poor, see Nayar (2009). While new agricultural technologies were supported, it fostered agriculture and was not aimed to create further industrialization.

(Mazumdar, 2010), and FIIs would not have a huge impact on the economy. Thus, while newer sectors in the service industry have profited from liberalization, most of the industry has remained in national hands.

The stock market is not only intended to mobilize financial resources, but also to monitor and discipline managerial practices (Chalapati Rao, Murthy, & Ranganathan, 1999). Even though companies are analyzed heavily by fund managers and research analysts, the ownership in the families is mainly too strong for other influences (Bhaduri & Selarka, 2016). Even large outsider shareholders and mergers or acquisitions are not able to work as mechanisms to control managerial practice.

The increasing importance of the stock market had led to new concepts being discussed and finally made mandatory by law, particularly *Corporate Governance*. Family businesses had been criticized for their tendency to create conflict and power plays. The concept of Corporate Governance is thought to be the solution for the lack of professionalism and transparency in family businesses (Varma, 1997). The term of Corporate Governance became known to the public discourse during the country's economic liberalization. The business association of Confederation of Indian Industry (CII) introduced it as voluntary measure for Indian companies in 1997, which was adopted only by some companies. India's international reputation had been severely hurt by an accounting scandal involving Satyam Computer Services, a large Indian IT company. The Act of 2013⁶⁵ included a fixed number of independent directors, audit committees, internal audit for specific classes of companies, and Serious Fraud Investigation Office (SFIO) to investigate upon the request of several

⁶⁵ Already before the Act of 2013, the Companies Bill of 2011 incorporated the learnings from scams proposing structural changes to how companies need to be managed. Monitoring and controlling boards more effectively were pursued by introducing Independent Directors, connected to certain regulations. Yet, the results remained unsatisfactory. In 2005, the SEBI's clause 49 of the Listing Agreement came into effect asking for an increasing role of Corporate Governance. Moreover, the government had released Corporate Governance Voluntary Guidelines in 2009. The SEBI had obviously only included listed companies, whereas the 2013's Act was applicable to all companies in India, see Department of Public Enterprises (26th 2001); Reed and Reed (2004).

government bodies. Yet, Independent Directors in India do little to discipline companies (Kumar & Singh, 2012).

New entrants in business. With India's economic opening in the year of 1991, faster transformations of the economic, political and social spheres had started. Even before the opening, India's business community had experienced new entrants with increasing influence in the political sphere. In these times, the business community was split into two parts (Harriss & Corbridge 2000). New entrants, who also profited from the liberalization of the economy in the 1980s, such as small-scale industrialists (mostly active in the technology led sectors) or middle peasants could exercise some influence broadening the social basis of the business class (Damodaran, 2008; Jenkins, 1999; Kohli, 2010; Panini, 1989; Patnaik, 1985). They perceived a liberalized market as opportunity for their new industries. These new entrants had at least partially replaced the typically mercantile castes and generally upper castes. These entrepreneurs position themselves against the dominant upper castes with their belief in socialist policies and concomitantly against the state of the restricted economy, which was perceived as corrupt and overly bureaucratic. Economic liberalization and globalization were envisaged by them to bring the country forward (Chakravartty & Sarkar, 2013). However, the new highly successful business groups still possess a privileged background rather than having experienced a rags-to-riches-story.⁶⁶

Thus, the opening of the markets had brought a further differentiation into the Indian economy (Gopinath, 1998). First, there were medium-sized companies, subsidiaries of multinational companies (MNCs), which were family-led, following the management style of their parent organization, sometimes with professional top managers often globally trained. Several old established family conglomerates faced difficulties due to fragmentation of their businesses and financial difficulties, which had not been stopped by the non-involvement of

public financial institutions. Those who profited from the integration into the global economic order the most were either successfully ran by MNCs, PSEs, established business conglomerates, or new single-focused companies run by first-generation entrepreneurs with a high market capitalization (Banaji, 2000).

The public sector in times of global capitalism. When the economy was liberalized, the new industrial policy of 1991 announced that the exclusive role of the public sector was to be limited to a few strategic sectors (Khanna, 2012b). Sectors that had been strongly liberalized were the gas and the oil sector. The remaining sectors were privatized to meet standards of global competition. Particularly, the introduction of New Exploration Licensing Policy in 1999 brought significant change with an increasing share of private enterprises.

PSEs had to find a new role within the Indian economy as their centrality for the economy started to be abolished. They faced similar competition as the private sector, now even competing against the private sector, domestic and global. Thus, policy makers demanded them to function in a very similar way as the private sector.

Some of the new measures introduced were referred to perceived failures of the public sector, some other measures were considered to be necessary given the high competition for future operations.

India's poor economic growth was ascribed to organizational and managerial problems in the public sector. Not all expectancies were met and slowly prejudices against private business started melting (Kochanek, 1987) or were even in favor of the private business (Khanna, 2012a). PSEs were criticized by many (Chattopadhyay, 2011; Gouri, 1997; Kaur, 2004; Naib, 2004; Narain, 1990), mostly due to fiscal deficit and losses. Furthermore, the outrage about the inefficiency and resources wasted was greater as critics made the public

⁶⁶ See Mazumdar (2017) on "From "Outsider" to Insider: The Case of Reliance" arguing that Reliance is not so new in its forms of acquiring and maintaining power in business compared to established businesses.

sector responsible for the entire country's poor economic development (Bhagwati & Srinivasan, 1993; Bhandari & Goswami, 2000).⁶⁷

Policies for PSEs after liberalization. With economic liberalization the Indian government introduced several policies and regulations for PSEs. Disinvestment of equity had been the key determinant of the Indian public sector reforms (Naib, 2004). Thus, as solution in the financial area, the government decided to offer the shareholding stake to mutual funds, financial institutions, general public and workers of certain profitable public sectors (Shrivastava, 2010), while continuing to hold the majority of the shares. Moreover, the wider public perceived this measure to enable more control on performance.⁶⁸ Disinvestment was believed to bring in public participation, which in turn would stimulate operational efficiency, professional competency, and control over expenditure and costs.

Furthermore, budgets were cut or withheld for loss-making PSEs. Moreover, they were encouraged to lay off workers, otherwise the companies were shut down or privatized. Another central initiative aimed at succeeding in the open market competition focusing on financial performance was the listing in the stock exchange.

Listing PSEs on the stock market, made them fall under the *Corporate Governance* code formulated by the Securities and Exchange Board of India (SEBI). This meant that PSEs had to follow the listing requirements of the stock exchanges like the private sector on *Corporate Governance* such as appointing independent directors, remuneration and audit

⁶⁷ Since India's Independence, PSEs were able to show some achievements in building infrastructure for the heavy industries, creating employment and progressive employee-employer guidelines, providing basic common goods at low prices to people. Wages had increased since Independence, but also the overall working situation, see Jain et al. (2014a).

⁶⁸ There were several financial issues that appeared to be critical: funds were misused for project implementations, and their spending appeared little transparent. Thus, transparency was an issue that needed to be tackled, yet the meaning differed to that of the private sector, in which transparency was needed for shareholders due to the criticism on family business as control and decision making was exercised within the family. Furthermore, several PSEs were over-capitalized as money appeared too easily available to them. While PSEs were required to perform certain social obligations in their charter, they were poorly defined and hard to quantify, see Kaur and Singh (2005). Thus, there was a call for measuring performance again next to improved transparency.

committees (Khanna, 2012a). While the shareholding pattern has undergone significant changes, PSEs have still been managed and controlled by the Government of India. Thus, like the private sector, PSEs still possessed issues of ownership and control (Chattopadhyay, 2011).⁶⁹

A second major important measure apart from the disinvestment introduced in the Industrial Policy Statement of 1991 was the pursuit of transparency and disclosure guidelines. The concept of Memorandum of Understanding (MoU)/self-obligations was suggested by the Arjun Sengupta Committee in 1986. It referred back to the initial Industrial Policy of 1956 to judge PSEs by their total performance and management on commercial lines (Jain et al., 2014a). According to the MoU system, the management of the enterprise is made accountable to the government through a promise of performance or “performance contract” (Mohapatra & Ranjan, 2012).⁷⁰ Moreover, the monitoring became more systematic and result-oriented than it had been implemented before liberalization (Jain et al., 2014b). Additionally, the MoU also contains the social development and focus of PSEs as the overall performance should be measured.

Thus, apart from the social responsibilities inherent to the public sector, economic motives became the focus of interest after liberalization. Efficiency appeared to be lacking and the management of resources was thought to support the public sector in the newly competitive environment (Jain & Yadav, 2005). The inherent social motive had, moreover, helped to introduce several initiatives that fall under *CSR*. Among the activities were creating employment to underprivileged groups in the society, social facilities and social and cultural

⁶⁹ Government ownership of assets dominates both in the manufacturing and in the banking sector. The market capitalization of the public enterprises as a proportion of total market capitalization is probably among the highest in the world. Moreover, given the many stakeholders, monitoring is difficult, see Naib (2004); Chattopadhyay (2011).

activities for employees and their families (and some sections of the surrounding communities), and supporting relief in cases of natural disasters (Jain et al., 2014b). Among measures that were taken up to increase the market share was to “achieve environmental excellence”, which was mostly in their direct surrounding for companies perceived to be producing products harmful to the environment.

Furthermore, like the private sector, employees were supposed to be considered now as *talent* that needed to be attracted and retained. Therefore, most PSEs have taken initiatives to install policies that would provide in-house training, and *groom* employees into leaders.

A particularity, still in the public sector was streamlining of business processes and practices such as investing in up-to-date technology, adopting IT systems for decision making based on a systematic approach, increased outsourcing, and public-private partnerships. Similarly, capacities were upscaled to be able to become self-reliant and remain a strong pillar in the Indian economy (Jain et al., 2014b). Another initiative was to refer chronically sick PSEs to the Board for Industrial and Financial Reconstruction (BIFR). To achieve a better performance in productivity and return, the Industrial Policy Statement of 1991 granted greater managerial autonomy to the Boards of PSEs aiming for more professionalization (Mishra, 2014), which would however, remain limited for several years.⁷¹

⁷⁰ Calls had been made for professionalism, slightly different to the notion in the private sector. IAS officers in management positions were perceived to be little committed, goal oriented, had nothing to lose and nothing to gain. The wages even for the top level were so low and were hardly incentivized. Moreover, IAS officers appeared unskilled for management duties as their education was rather broad and not specialized in management, see Patnaik (2006).

⁷¹ Moreover, there was hardly any room for autonomous decision making as the government frequently interfered and the bureaucratic system was too rigid to allow flexibility that appeared crucial in the fast changing markets, see Mishra (2014).

Reluctant liberalization in PSE. Despite the economic liberalization, there had been no further initiative by the government to increase privatization of PSEs (Khanna, 2012a) as the efficiency of PSEs did not appear to be compromised (Bhagwati & Srinivasan, 1993). The disinvestment was majorly up to 20 percent, except for one company that was completely privatized. Moreover, the Disinvestment Committee in 1997 criticized that PSEs faced difficulties in managerial autonomy. The policy of large-scale privatization was carried out only when a change in the government brought the right-wing BJP to power in 1998 (Khanna, 2012a).

Thus, political considerations had contributed further to the extent of liberalization (Dhameja, 2006). Several governing parties had lost the election and therefore feared risky adventures. The majority of voters appeared to have been against the economic reforms in general. Furthermore, there was a strong resistance by trade unions and middle class, which feared rising prices. Some cases of privatization evoked criticism as companies were soon resold at much higher prices (Khanna 2012a).

When the Indian National Congress took over government again, the government was critical towards the privatization of the BJP government and sought to reverse the program. A committee was appointed under Arjun Sengupta in 2004 to look at the issue of managerial autonomy. Among other measures, the autonomy of the companies had to be restored.

This slow privatization had accrued until the Eleventh Five Year Plan (2007-2012). Then, the Plan envisaged issues that had been debated for decades such as greater autonomy, or the delegation of more powers to PSEs. This would also allow the state to withdraw from supportive measures such as administered prices or favorable treatment. Then the Twelfth Five Year Plan (2012-17) pursued the next step to autonomy as it envisaged PSEs to be independent in approaching funding, investing in technologies, or further disinvestments (Mishra, 2014).

In summary, economic liberalization had brought economic growth to the economy. Mostly, this growth can be attributed to the industry, yet agriculture continues to be the largest employer. The integration into the global economy brought new sectors into the limelight at national level, mostly the service sector. There had been a broadening of the business class, yet caste and community remain important pillars of the socio-economy. However, with central role of the economy and new entrants, business had regained its influential reputation in the socio-economy. As a relic of the restricted economy that protected domestic business, foreign investments remained relatively small. The shift towards a financialized economy had been relatively small. Former practices of credit taking in addition to the rather lax lending of public financial institutions of the restricted economy continued. In the following, the stronghold of family, financing business, social reputation and the connected practice of charity, caste and community and the workforce will obtain more space to be discussed. These institutions and practices are elaborated on throughout the transformations.

Core Institutions

In the next section I want to address the core features and institutions of the Indian economy that have shaped business practices until present times: family business, caste, credit system, and the surplus of a cheap workforce. Since these institutions are to some extent also practices, as they are not completely static, I have reconstructed them from the interview material in the analysis of the ethoi. Thus, the following subchapter makes no claim to be complete regarding business in India in general.

Family business. This section gives an overview over family businesses in India and their organizational structure and management styles. Other issues that might relate to family

businesses such as the role of family to managers or issues related the performances of family businesses are not discussed as it is of less relevance to this research.⁷²

In India, as in several other Asian countries, domestic large-scale privately-owned businesses and conglomerates are largely in the hands of families (Bagchi, 1999). Thus, while the institution of family business has persisted, the notion of family business has changed over the years. Thus whether a *family business* is considered as such depends on its control, management, or its ownership, or a combination of the three factors (Audretsch et al., 2010).

Two third of listed companies in India are family-controlled, which accounts for the highest number in Asia and Indian family business are among the top five of market capitalization in Asia (Credit Suisse Research Institute, 2017). Moreover, the ownership of family businesses in India is majorly in the hands of the family and with the majority in the third generation. At this point, I aim to clarify that family does not only play a significant role in countries in the Global South, 80 to 90 percent of companies worldwide are estimated to be family businesses (Center for Family Business, 2015).⁷³

Traditionally, family had played a crucial role in Indian business. The joint family organization enabled accumulating capital, providing managerial manpower, property and resources. Especially in the early years of industrialization family ownership and control proved to be valuable. Later it was criticized for hampering professionalization of management (Hazari, 1967; Sundar, 2013). Nonetheless, family has continued to play a crucial part of Indian business. In present-day-India, the strong links between family and

⁷² Most research on family business discusses how family businesses impact the financial performance of companies, see Peng and Jiang (2010). The idea that family impedes business and capitalist development dates back at least to Max Weber's PE of 1904 arguing that family values are detrimental opposed to more individualistic forms of management. See for example Audretsch et al. (2010) for an account on family control and management on financial performance of firms.

⁷³ To be more precise: 50 percent of companies in the sample of the Global Family Business Index are European, followed by 24 percent in North America and by way less in Asia and South America, even though the latter are far more associated with family-oriented cultures according to the report.

business persist (Dutta, 2011). The Hindu Undivided Family is recognized by tax law enabling a consolidation of family holdings (Dutta, 1997).

Already in the 18th century, family business had dominated business organization in India. Family business possessed features that would remain relevant until present times, with alterations, such as the high interconnectedness between family and business, the concentration on a region and local community, the significance of status or reputation particularly for the credit system, and the relevance of social relations. Families needed to possess a certain degree of trustworthiness and reputation to be successful in business.

Furthermore, there had been a strong responsibility towards members of the same community and taking care of their needs (Brimmer, 1955). Particularly in these early days, families invested in charity, community cause and religious rituals for an increase in social capital and status (Bayly, 2011b). During British colonization, family remained significant. The stronghold of the *Hindu Undivided Family* in business was not diminished by the introduction of British commercial law, but it proved to be difficult to change as the family continued to pass on ownership and debt through generations (Bagchi, 1999; Birla, 2013). Family and the firm were practically the same (Spodek, 1969). The structure of the large patrilineal extended families had persisted from precolonial times, which incorporated majorly the joint holding of assets (Balachandran & Subrahmanyam, 2005). With industrialization, family businesses in Gujarat were forced to reflect upon their existence. Industrialization demanded innovation in technology or information, yet family business had pursued stability (Spodek, 1969). Business families from the traditional trading castes, the Banias, contributed financial capital to industrialization by founding their own mills. Even though the traditional castes might not have started the industrial innovation, their financial support had spurred industrial growth.

Business around Independence was still characterized by the strong overlap between organizational structure and family. As family business had operated on the same principles as joint family, the organizational structure and the working culture of the companies themselves were affected. Decision making had been highly personalized, with power centered in the close-knit family groups.

Delegation was not general or institutional but tied to the person: "The tendency was to find jobs for people, not people for jobs" (Rice, 1958). Most top positions were filled by family members.

Moreover, the identity of the entire extended family and even community merged with the business. Family ownership had proven to be important to businesses in their role as trustees more so than entrepreneurs. This position had been personally connected with the head of the family, not the entire family (Roy, 2014; Sundar, 2013).

Members of the family or at least from the same caste or community had usually filled top management positions, being the managing agents and board of directors. The government aimed to intervene and forbid the particular management system of these times, the Managing Agency, in the late 1960s. However, the result was limited as investment companies with cross shareholdings sprang up to help shelter income or conceal ultimate ownership, and keep businesses under the control of the joint or undivided family (Hazari, 1967; Herdeck & Piramal, 1985; Sengupta, 1983; Tripathi & Jumani, 2013). Even in cases of disputes among family members, or when assets were divided between them, they were passed on to the next generation (Tripathi & Jumani, 2013).

Several aspects had remained relevant, particularly the financial aspects of business, which are interchangeably linked with family. Credits were still given to a group, not to individuals. The more relatives were in the family business, the higher was the business'

capital. Therefore, a family's good reputation and high economic status proved to be essential for financial reasons (Nafziger, 1978).

In post-independent India at least up to the 1970s, the big business houses were synonymous with particular families (Kochanek, 1987). The extended family and its organizational structure were identical with the business structure. The adoption of a particular management style from the British, the Managing Agency System, had moreover been proven to be effective as the families lived less in joint families. Maintaining control, however, was still possible through this system (Singer, 1972a). The families possessed a specialization in industrial activity, geographical division, and management function (Nafziger, 1978).

However, a transition was observed in family business across India in post-independent times. As businesses grew, companies changed their organizational structure towards more system-orientation. Increasingly, professional and managerial skills in recruitment were emphasized. The big issue of family ownership and family control began to dissolve. The new generation was better educated and stressed the value of organizational structure. Particularly the latter created a new field in business: taking influence on public policies (Kochanek, 1974).

The splits in family businesses in India since Independence and particularly after 1980 might be attributed to several disadvantages of family business such as free riding, delays in decision-making, a tendency towards risk-aversion and resistance to change (Bagchi, 1999). Others attested family businesses a rather short time of survival anyway, which is not perceived as necessarily bad. The smaller and streamlined companies might even perform better (Das, 1999). In general, the problems identified were rather managerial or organizational in nature than just a lack of technical competence (Cohen, 1974). The perceived informality within families and the necessity of loyalty to seniors in addition to the

lack of trust in managers by the family were identified as hampering economic success in family businesses. Politics took up some criticism and introduced the Companies Act of 1956, through which the Government was intended to gain more control in the companies. Yet, the families were able to maintain their exercise over control (Dasgupta & Sengupta, 1978). Some other criticisms addressed the mixed interest that families and businesses possess (Das, 1999).

Around economic liberalization the traditional ways of doing business had proved durable in spite of the country's adoption of Anglo-Saxon Corporate Governance patterns—where the Indian way of doing business is visibly similar to the West, but still unique and based very much on Indian traditions (Dutta, 1997). Thus, the professional managers, educated in the West, were on the rise, while the overall system of control remained family centric (Pedersen, 2000). The number of family businesses in India in the early 1990s was at around 75 percent (Dutta, 1997).

Economic liberalization produced a differentiation within the family businesses in India. Family businesses would split in cases of bickering. Older family conglomerates suffered from fragmented businesses and problems of succession. The division of management control would cause further dissension. Thus, several family businesses found their end in the 1990s due to intra-family feuds, and problematic management of financial resources. Apart from businesses that have ruined themselves during these times overusing the financial opportunities (Banaji, 2000), some family businesses have proven to be successful. Established big businesses sailed successfully through these times such as Tata and Birla. They restructured their conglomerates, keeping their control financially and functionally. Another type of family business had emerged: first-generation entrepreneurs, continuously developing and growing, thereby also integrating in the global economy (Banaji, 2000).

Sluggish performance of the economy in the 1990s led to criticism of the private sector and particularly family-led businesses. Moreover, to some extent foreign institutional investors had intervened in the management of family businesses. While asset size and political influence might have diminished in their relevance, market factors have become increasingly important. Banaji (Banaji, 2000) argues that *transparency* has thus become a major issue for family businesses. The other big issue for family-led companies is Corporate Governance, which has become “reputational capital” in present times (ibid., p. 11), which I focused on in the section on the financialized economy in this chapter.

The extent of which companies are affected and impaired by these factors might vary. At least, family businesses aimed to take some initiatives to appease shareholders by soliciting their ideas for companies, claiming to professionalize the boards and installing closer communication with analysts (ibid., p. 6).

Some features of family businesses in India have changed due to shifts in the sectors and the integration into the global economy. While most of the companies are family owned, the organizational structure is different as it involves professional managers with specialized knowledge and expertise, and partnerships with companies from the Global North (Harriss, 2003; Tripathi & Jumani, 2011).

Moreover, family ownership bears a different meaning to the business generations at Demonstrated by a study from 2003 in the South Indian city of Madras (Harriss, 2003). For the older generation, family ownership or trusteeship was an extremely crucial value. For the newer generation, family businesses in the second or third generation, the value of family ownership had little relevance for their identity. While trust had always been crucial for family businesses, there had been a shift in some companies towards institutionalized trust to showcase transparency (ibid). However, personalized trust has still not perished, but persists in financing firms (Allen, Chakrabarti, De, Qian, & Qian, 2012).

Financing business enterprises. Obtaining the funds needed plays a crucial role for managerial practices if that is connected to specific terms. In general, there is little foreign investment, credit taking is hardly connected to specific terms and conditions, and most importantly the ownership lies in the hands of the promoter families. Therefore, there is hardly any involvement in managerial practices.

Gujarati business is jointly influenced by several institutions and practices. First, there are the relicts of the credit system that involved a tight-knit community, in which trust has been crucial. However, while the local bonds continue to exist they have become less important (Allen et al., 2012). Moreover, there are the stock markets with shareholders that have existed for a long time originating in pre-Independence institutions such as the bazaar. Public financial institutions in License Raj times had exercised little control on management. However, the issue of control over businesses might not be determined by the influence of the stock market and shareholders. Indian companies have remained mostly under control and ownership of the founding families. The share of foreign investors is, furthermore, relatively small.

Long before the emergence of industrial capitalism, there had already existed a credit system, which did not perish with industrial development. In community networks, there had been an informal credit instrument called *hundi/hawala*⁷⁴ allowing transfer funds over long distances. In order to obtain a credit within the community, one must have proven to be creditworthy. Crucial for creditworthiness was trust into the family, which was achieved via religious merit for example (Bayly, 1983). As the families were involved in civic and religious affairs in the city, personal trust was established. This also created an atmosphere of social control as the families were expected to pay with their private fortunes in unfortunate times (Oonk, 2014). Through religious gifts merchants were able to reinvest into their

⁷⁴ These practices have persisted Ballard (2016), yet they have been mostly irrelevant for big business.

enterprises. The accumulated wealth contributed further to their creditworthiness (Sundar, 2013). It is remarkable that credit could be obtained by the family as an entity, but not by an individual (Nafziger, 1978).

For centuries obtaining credits within the guild or community framework had been the major sources of income for merchant enterprises. In 1830s, trading in shares started in Bombay in a simple way: first in loan securities, then in bank shares, telegraph system and railways and so forth. The “Share Bazaar” was formally organized in 1875 (Yagnik & Sheth, 2005). There was only one bank by 1892 and the British colonial government was not interested in providing loans to develop indigenous industry (Oonk, 2014). In 1962, the Indian Supreme Court legalized this institution, then by the name of Bombay Stock Exchange (Birla, 2016).

Around Independence, Ahmedabad’s textile industry was characterized by under-capitalization. Cotton manufacturers in Ahmedabad had a disadvantage as they depended on small investors, with less capital. They shared a close connection as the investors received commissions in financially good times. Remarkably, millowners in Ahmedabad possessed the advantage that they had developed a system in which they managed to keep deposits up to several years (Oonk, 2014). Thus, the system was relatively personal and stable, yet not prone to quick growth or flexibility. The system of social control and trust through reputation has continued in the state to some extent.

After the regulated economy, which hampered foreign investment and credit taking for businesses, the regulations started to be loosened with economic liberalization. New company laws changed the organization and management of companies along with liberal financing practices by public sector banks and financial institutions relative to the period of the restricted economy. In the early 1980s, the government liberalized credit for big companies (Corbridge, 2010). The financialization of enterprises have been practiced rather

through public financial institutions more than through the stock markets until the economic liberalization. They have exercised minimal control on management to stabilize domestic promoters (Banaji, 2000).

With economic liberalization, Foreign Direct Investment was allowed more generously, commercial banking and domestic capital were deregulated, the banking sector obtained greater autonomy over credit creation, and equity investment was introduced (Shrivastava, 2010). More impersonal management arrived in Indian businesses as the proportion of direct shareholding by owner-directors to total equity had declined (Sundar, 2013).

Particularly with the reformation of the stock exchange, organizational structures underwent changes at least formally. The stock exchange was reformed with economic liberalization in the 1990s. Automated screen-based trading was intended to be transparent and reduced transaction costs. The market was aimed to be monitored by this. In 1993, the National Stock Exchange in Mumbai was recognized as such and has been the second next to the Bombay Stock Exchange in India. By the end of the 1990s, the Securities and Exchange Board of India (SEBI)⁷⁵ had introduced an accounting period system following the London Stock Exchange to achieve better liquidity and larger trading volumes. Thus, India oriented its Stock Exchange at the best international level. Listed companies needed to show cash flow statements and quarterly reporting of results (Banaji, 2000). Though the SEBI requests a listed company to possess one-third of a company's board to be independent directors, the implementation might be different regarding control. The compliance has been rather creative than strict to the rules (*ibid.*, p. 8-9). As a relic of the restricted economy, public financial institutions have preferred promoter owned companies over those with external control or intervention. Moreover, alternative ways of financing are sometimes preferred over lending

from financial institutions (Allen et al., 2012). Furthermore, there are intra-business groups' cash flows circumventing financial institutions (Gopalan, Nanda, & Seru, 2007).

Another crucial aspect of the liberalization of the stock market lay in the chaos that was created due to the inexperience of the SEBI as regulatory body. Promoters were enabled to buy shares themselves at very low prices. Due to the lost trust in the trading market, there was no or infrequent trading, an increasing concentration in value, number, and the dominance of a few sectors in trading (Chalapati Rao et al., 1999).

Thus, contrary to theories arguing that shareholder value orientation had affected management tremendously,⁷⁵ finance capitalism has not contributed the respective shareholding pattern to a certain discipline of companies as it was expected. Most Indian companies had not shown particular interest in creating wealth for shareholders (Phansalkar, 2005). The stock market, even though its role has grown, has not played such an influential part. Indian companies borrow heavily from capital markets, international as well as domestic. Together with company level reserves and funds, borrowing from capital markets make up the majority of funds for the companies (Sen & DasGupta, 2015). Nonetheless, there is hardly any control exercised by financial institutions. The Companies Act of 1956 had not been revised or amended until 2013 and thus had not contributed to monitoring companies more closely. So far, promoters had inter-corporate investments, enhanced shares and repurchased outstanding shares. Not even the requirements of SEBI to make a minimum of 25 percent of public shareholding mandatory for private sector companies by June 3, 2013 enabled further control of the promoters.

⁷⁵ The SEBI had been granted authority to regulate the securities market under the Securities and Exchange Board of India Act of 1992 (see <http://www.sebi.gov.in/acts/act15ac.pdf>).

⁷⁶ See discussion in Styhre (2015).

Thus, Indian companies are generally promoter-dominated⁷⁷ overruling any other controlling factors such as FII, domestic shareholders, or government regulations (Dutta, 2011; Kaur, 2017).

Even though, there has been increasing financialized economy - thus a growing importance of the stock market (Chalapati Rao et al., 1999) along with shifts in the orientation of major financial institutions (Sen & DasGupta, 2015) - the shareholding pattern in this research's sample is, however, majorly characterized by a majority ownership of the companies.

Shareholding patterns in the private sector companies in this sample varies, apart from one company that is not publicly listed at all. Some of the companies owned by far most of the shares, the highest at 75 percent. There are three companies that owned a minority in shares, of which one has been recovering at 44 percent. The two others possess around 30 percent of shares. Two interviewees focused on their professional outlook, suggesting enormous management and organizational skills, and compliance with various terms that are considered most up-to-date. The third interviewee focused on the struggle the company had experienced with raising sufficient capital more than other interviewees.

Caste. Caste is another central practice, yet also partly social structure and division of work that has informed the sociocultures. I have established that that caste or community is connected to credit taking, and furthermore sources for recruiting personnel. I would like to point to the rather dynamic character of the community, which should not be confounded with a clear-cut institution, but refers more to business families that are interconnected through marriage and kinship. While caste has played a role in its restrictive attitude towards marriage, there are no congruent borders of caste and community (Lamb, 1955).

⁷⁷ The term *promoter* was defined under SEBI Regulations in 2009. The Company Act of 2013 defined promoter more specifically either as (a) identified by the company as such, (b) a person with control of a company's affairs, (c) with control over the Board of Directors, see Ministry of Corporate Affairs (2013b).

Crucial for this research is that all interviewees possess an upper caste background, which I have laid down in the chapter on methodology. Nonetheless, there is variety since not all interviewees belong to the merchant castes and the public sector has more diverse caste background, also because of the various regions the interviewees come from as part of the IAS.

Moreover, specific outlook on the world and business has been associated with castes. In Gujarat, the mercantile ethos, which had been associated with the right conduct in business for centuries, is called *vaishyavritti*, thus the ethos of the Vaishya caste (Yagnik & Sheth, 2005).

Caste is more than social stratification or division of work. Taking into account the complexity of the phenomenon, I suggest the definition of caste as “a life structure of the Indian social system of occupation, endogamy, culture, social class, and political power” (Chaudhary, 2010).

According to the most known interpretation, the caste system is hierarchically structured and structurally determined.⁷⁸ Various criticisms had been raised on this account: mainly that this kind of understanding is based on textbooks⁷⁹ and bears a simplistic misunderstanding of ground realities. This understanding of the caste system is based on the *Varnas*, with division lines around purity and pollution. In the *Varna* system, there are four categories that are hierarchically ranked. Brahmins, the caste of the priests are at the top. Kshatriyas are at the second order (warriors and kings), followed by Vaishyas (traders, moneylenders, artisans). These first three castes are considered upper castes. The Shudras are at the fourth rank (service castes). Below the castes are the Dalits (Untouchables). The caste system is continued to some extent through endogamy. While over the past decades, these

⁷⁸ See its most prominent work of *Homo Hierarchicus* by Louis Dumont (1980).

⁷⁹ Scholars believe that the system of *varnas* was a theoretical classification envisioned by Brahmins, but never truly operational in Indian society Dirks (1987). Moreover, *Homo Hierarchicus* led to believe that this rather static social order was essentially Indian, see Jodhka (2017).

essentializations of India's past have been widely criticized (Appadurai, 1988; Gupta, 1992; Heredia, 2000; Srinivas, 1976),⁸⁰ caste remains an important category for research and also a social resource. As mentioned in the methodological chapter in the section on the sampling, the interviewees come from an upper caste background. As expected Banias, Hindu as well as Jain, and Patidars dominate the private sector. Here, the majority of the Banias belong to the community of Oswal Jains, which generally build the majority of Jains in Gujarat (Sundar, 2013). Additionally, there was one Rajput (Kshatryia caste order), one Brahmin, and one Kayastha (also a forward caste).

In the public sector sample, two interviewees were Jats (which are rather an underprivileged community), two Brahmin, and one from the Vaishya caste. In the public sector, a bigger variety is to be found: first, the IAS officers are from all over the country representing a wider caste base. Second, IAS officers are not from business, but possess majorly a professional background. Upper castes with a focus on education are to be found here. No Dalit was in the sample.

Present situation of caste in business. While social mobility appears to have become possible for the lowest castes, caste remains a significant social resource. The caste system has not only been a scheme of social stratification but has been a division of work as well. Moreover, economic and political factors have intersected with caste (Dirks, 2001; Guha, 1997; Jodhka, 2015). Therefore, altering the impact of caste is a rather difficult undertaking. Various policies since the country's Independence have aimed to diminish the influence of caste on education, occupation, or political influence. More and more, wealthy Dalits (Untouchables) are visible in public, yet there is doubt that India is a country that allows members of all castes to be equally successful. Among Indian billionaires the traditional

⁸⁰ Not only were these notions racist but were unable to grasp complexities of reality. India encompasses various regions with their own specific social structures and formations. Moreover, even the regional variations experienced dynamic changes, not solely based on hierarchy, but also vertical divisions (Heredia 2000).

merchant caste and communities, as well as some other upper castes still dominate (Damodaran, 2008; Gandhi & Walton, 2012). There is an underrepresentation of lower castes (STs, SCs) in ownership of companies. These caste categories are mainly found in the informal sector, not in big business (Varshney, Iyer, & Khanna, 2013). Moreover, the clear majority of board members in companies possess an upper caste background (Ajit, D., Donker, Han & Saxena, 2012) and CEOs and MDs are usually from the same caste background (Naudet & Dubost, 2016). In general, the modern corporate sector recruitment process includes preferences for the social caste background of potential candidates (Jodhka & Newman, 2007). Even in the financialized economy, caste plays a role in the assessment of analysts on their caste fellow CEO's companies (Chen, Chittoor, & Vissa, 2015).

Even in today's Gujarat, the belonging to a caste appears to be a crucial factor in the struggle over political power, economic success, educational opportunities, social recognition, and public prestige (Basu, 2004). Generally, caste and community background has a strong connection to economic success and has been crucial in gaining access to economic power (Madheswaran, S., Attewell, P., 2007; Munshi & Rosenzweig, 2006; Vakulabharanam & Motiram, 2012). Less privileged castes appear to have little economic success in establishing successful companies potentially due to the lack of networks that are essential for business (Varshney et al., 2013). Nonetheless, occasionally over time inter and intra-caste networks have incorporated marginalized groups as entrepreneurs (Damodaran, 2008).

In the public sector, the picture is slightly different. The traditional merchant castes are not that significant. The social background of a member of the Indian Administrative Service (IAS) is shaped by British colonialism. The British had fostered education to create clerks and higher officials for its administrative system (Bhatia, 1974; Desai, 1959; Misra, 2010). The so-called *Intelligentsia* constituted the political leadership and the higher echelons

of bureaucracy (Navlakha, 1989). In the bureaucracy, people were recruited upon their education, which would not include the lowest ranks, but at least brought some from the mid strata to renowned positions (Kochanek, 1974). Thus, British education brought a change in the caste system and its occupational choices (Tripathi & Jumani, 2013). Their dominance was then supported by the traditionally rather high status of scholarly traits. In these times, business and the respective castes were regarded inferior to Brahmins (Kochanek, 1974; Srinivas, 1995). British education did not only entail the English language, but it also brought along Westernized educational values. As English was a prerequisite for education, mostly the already privileged castes were able to join the English education and positions in the bureaucracy (Karat, 1972). Thus even though, the Westernized bureaucratic class was quite heterogeneous, Brahmins were preferred (Bhatia, 1974).

Employees, managers and the board of directors in PSEs are recruited from the IAS. The caste background in the IAS is not from the traditional merchant communities (Khanna, 1989). Furthermore, the IAS officials are not Gujaratis, but belong to regions from all over the country. Therefore, the background of managers in PSEs is relatively heterogeneous, yet there are no Dalits in the sample. In our sample, the interviewees possessed either a Brahmin or a Jat background in terms of their caste.⁸¹

The fact that the British fostered education had a long-lasting impact. The English Education Act of 1853 enabled establishing educational facilities such as universities or colleges, which bear the features until present times of the British educational system (see (Chandra, 2003). Also in the restricted economy, science and education was fostered (Visvanathan, 1997). Engineers and technicians were on the rise (Singer, 1972a).

⁸¹ A caste that claims OBC status in some states yet is represented more in the political arena or bureaucracy.

In this study's sample, the interviewees from the newer companies possessed a relatively heterogeneous caste background, however they all belong to upper castes.⁸² Interviewees from the established companies were either Jain Bania or Patidar, thus castes that had established their upper social status for a long time in the state.

Changes in the political sphere. With India's Independence, the caste system experienced profound changes at least in the political sphere. Politicians started to intervene in the social structure by implementing affirmative action through quotas and reservations. The most deprived groups in society were given the label Scheduled Castes (SCs) in addition to the label Scheduled Tribes (STs), which brought them mostly reserved seats in the political system up to the Indian Parliament. In the following years, other deprived castes that were not included in the SCs were entitled to affirmative action as Other Backward Castes (OBCs). The institutional support has opened up social mobility, especially in the political representation up to the highest level (Jaffrelot & Kumar, 2009; Jodhka & Naudet, 2017; Weiner, 2001). Moreover, other social and economic transformations in the country have influenced caste as well. Traditional caste occupations had been rendered irrelevant, while new jobs appeared. This whirled the caste order that had existed until then (Jodhka, 2002; Srinivasan & Tendulkar, 2003).

The caste system in Gujarat. Like the criticism on the notion of the static caste system, studies in Gujarat have found a social structure that knows not more than hierarchy: a difference in social and territorial levels. Another characteristic of Gujarat is the existence of a very high degree of heterogeneity and segmentation among larger communities such as Brahmans, the Banias, the Kolis, or the Rajputs. The first two are divided into smaller endogamous units, called *ekda*, and further into *tad* (Singh & Lal, 2003). There is hypergamy to some extent, among Patidar (Pocock, 1972), as opposed to the alleged endogamous border

⁸² 1 Patidar, 2 Jain Bania, 1 Khayasth, 1 Rajput, 1 Nagar Brahmin, 2 Vaishya Bania

between castes in India (Shah, 1995). Inter-marriages, however, took place mostly in the lowest order of the structure in divisions.

There are instances of fluidity of caste in Gujarat. The farming communities of the Patidars⁸³ (formerly knowns as Kanbi) of eastern Gujarat pursued dominance. The Rajputs, associated with warriorhood traditionally, amalgamated with the warrior Kolis, claiming to belong to the more influential Kshatriya caste together (Sheikh, 2010). The Kolis were numerically strong and therefore could be influential in politics, however they were low in social status. The Rajputs had lost their influence socially and culturally.⁸⁴ Together both sought to exercise more strength claiming to be Kshatriya⁸⁵ and also founding the Kshatriya caste association (Shah, 1995). Moreover, at the end of the 20th century, caste groups would transgress their subcaste community interests and associate politically to caste or sect level (Jaffrelot, 2003; Kohli, 1990; Shah, 1976; Yagnik & Sheth, 2005).

As this research revolves around business, I aim to take a closer look at merchant castes. The Gujarati merchants had comprised three categories: banias (traders), shroffs (indigenous bankers), and sahuikars (moneylenders). Moreover, the merchants were a quite heterogeneous group of Hindus and Jains, Muslims of different sects, and Parsis (Sundar, 2013).

In the business community, which would later be active in capitalist enterprises, traditionally the Bania category had been relevant. This caste category entails Hindu Bania as well as Jain Bania. Sometimes, Brahmins would operate in banking and trade as well, although their activities were hardly as widespread as the traditional merchant castes (Tripathi & Mehta, 1984).

⁸³ They had adopted the name *Patidar* in the 19th century already to signify their alleged high social status connected to *ownership* of land, see Sheikh (2010).

⁸⁴ Many of the Rajputs in pre-independence India belonged to princely families and owned large territories, which they lost in the post-independence land reforms, see Kohli (1990).

⁸⁵ Rajputs are part of the Kshatriya order, in which there are warriors and kings. Kshatriya status had often been claimed for socio-politico economic power, see Srinivas (1962).

Furthermore, members of the Patidar caste, the landowning community, had entered business successfully at the end of the 19th century. They had the opportunity through co-operative field (Shah, 1990). Another example that the caste system had not been too rigid to disallow aberrations were the integration of several other caste or communities into trading.

As early as the 7th or 8th century, Gujarat's merchant community witnessed a social expansion within the Hindu population. In addition, several Hindus had been converted to Islam under the influence of Muslim traders and Persians. As the Hindu restriction on "crossing the sea" disappeared with the conversion for the members of the Muslim sects, they shifted to trade and commerce (Yagnik & Sheth, 2005). Also through migration, non-merchant castes came to Gujarat and adopted trading and the respective ethos of Vaishnavism or Jainism (Mehta, 1991; Sheikh, 2010). Centuries later in industrialization, several people from caste background other than the traditional merchant communities entered the scene, even though finally only the merchant communities possessed sufficient financial capital to ensure that the industrial scene thrived (Mehta, 1986). In Ahmedabad, the traditional merchants were slow to realize the potential of modern industry and the first cotton textile mill was started in 1861 by a Nagar Brahmin:⁸⁶ Ranchhodlal Chotalal, a former government clerk. His energy and will combined with British technology and financial support by local feudal lords made him finally set up his first mill (Pavlov, 1964; Spodek, 1965). He was only later followed in the textile mill industry by the established business families of the Bania caste of the Sarabhais and the Lalbhais (Sundar, 2013) for which industrialization meant a huge jump in fortune (Damodaran, 2008).⁸⁷ Even though Ranchhodlal Chhotalal was not

⁸⁶ Even though Ranchhodlal was not by caste a businessman, his class background was rather high. Among his forefathers were three ministers of princely states and he had been employed by the British as customs official for some years, see Pavlov (1964).

⁸⁷ Mafatlal Gagalbhai was another example of a parvenu from a lower Kanbi subcaste with no experience in business. With the support of a British who possessed a good network and a fellow Kanbi, he opened his first mill. He later opened more mills and expanded into retail. However, he later left Ahmedabad to continue his business expansion, see Tripathi and Mehta (1990).

formally a Nagarsheth, he aimed to adapt to the traditional ethos by providing facilities and goods for the welfare of the general public (Yagnik & Sheth, 2005).

Moreover, in the early 20th century, the landowning communities, Patidars, diversified from agriculture into medicine, engineering, pharmacy, or banking (Yagnik, 2002), illustrating the relative dynamic nature of the caste system.

The ethos of merchants in Gujarat. While the interpretation of caste remains ambiguous, its existence cannot be questioned. What is interesting to this research is that a specific ethos has been associated with certain castes.⁸⁸ As I have established, the caste system is dynamic to some extent. Thus, changes in the dominance of caste groups as well as external influence through migration brought along varying ideologies and religious beliefs (Basu, 2004).

As this research revolves around business, I aim to have a closer look at the mercantile ethos that has been ascribed to the Vaishya caste in Gujarat: the *vaishyavritti*. This mercantile ethos had existed since the 8th century and it had been dominant until the 1970s. Merchants dominated not only the economic sphere, but they had shaped society and politics in Gujarat. Their worldview and values superseded most other influences in the region (Yagnik & Sheth, 2005). Since Independence the new middle class with their values slowly replaced the old ethos with an “entrepreneurial ethos”, of which we do not possess sufficient details and practical implications yet. However, it should have become clear by now that the transformation itself declares the ethos to not be essentially Indian.

The early influence of Buddhism and Jainism had raised the social status of merchants. Buddhism had challenged the ritual superiority of the Brahmins from 500 BC.

⁸⁸ The ethos of the merchant caste had also been blamed for India's lack of success in economic development following Max Weber. Max Weber had pointed to specific prevailing ethics of the ruling castes. However, he had portrayed them as intrinsic and essential to India's value system. Indian traders were claimed to be an impediment to modern capitalism and economic growth due to their Vaishya ethic. I like to stay away from such discourses that appear nothing short of an Orientalist gaze.

The merchant and moneylender caste of the Vaishya was perceived to be the first in the alleged hierarchy of the caste system (Ghurye, 1968; Indradeva, 1995; Rao, 1990; Weber, 1992 [1916]) under the political patronage of Buddhist monarchs. Buddhism was followed by Jainism from the 5th or 6th century onwards, which shared the positive attitude towards business. Jainism highlighted values in business such as individual effort, responsibility, honesty, and frugality (Sundar, 2013) or *ahimsa* (non-violence). Through the expansion of the merchant community and Muslims who entered business, the ethos began to establish itself all over the region (Yagnik & Sheth, 2005).

Already in the 11th century, a code of conduct for merchants and traders was published, in which peacefulness, relations to political power in a diplomatic way, and honest business practices were praised. The proverb ‘kajiyanum mon kaalo’ (conflict is always inauspicious) essentializes the *mercantile ethos* (ibid., p. 238). Conflicts should be solved peacefully, one should not betray, or charge too much.⁸⁹ Apart from the emphasis on non-violence and harmony, the ethos was characterized as “prudent, sober, quiet, forbearing and inoffensive...curiously thrifty” (Spodek, 1969). Moreover, it was prescribed that moneylending should not be driven by greed (Yagnik & Sheth, 2005). Merchants were described as shrewd, industrious, practical, self-reliant and thrifty, yet also charitable (Gillion, 1968; Tripathi & Mehta, 1990).⁹⁰ Yet, while they spent their profits generously on donations, the lifestyles of the merchants and industrialists were frugal (Pavlov, 1964; Tripathi, 1981b). These values formed into the *Mercantile ethos* (Yagnik & Sheth, 2005). Due to these ethical business practices of fair trade and honest trade Gujarati traders enjoyed an exceptionally trustworthy reputation also among foreign travelers (Jain, 1990; Kochanek, 1974; Yagnik & Sheth, 2005).

⁸⁹ The values for merchants were written down for example by Jinesvarasuri in his „Satsthanakaprakarana“ in the 11th century.

⁹⁰ Spending for religious causes enabled Jain businessmen in the 17th century for example to obtain religious sanctioning by monks who relied on the businessmen’s wealth (Mehta 1991). In the Jain concept of fund raising, known as *Boli* in Gujarati, Jains bid for being able to perform certain rituals or supplying temples. Charity enabled Jains to rise in their social status, see Kelting (2009).

The heralded “frugal merchant” was not only found in Gujarat, but all over Northern India in these times (Bayly, 2011b). These values entailed that wealth should not be displayed,⁹¹ and profits needed to be invested in religious matters and charity.

However, the assumption that the entire region of Gujarat was a mercantile society or praised trading might not have been correct. This view might include only the perspectives of the upper castes, as Sanskrit sources of Jain businessmen turned ascetics portrayed the business community as highly favorable. The peasants, however, tell a different narrative: the Banias as oppressors (Yagnik & Sheth, 2005). Folktales give insight into struggles over power between Kshatriyas, and the wealthy and oppressing Banias (Kincaid, 2015 [1905]).

Whereas the mercantile ethos entailed the idea of an honest merchant, the folk narratives tell a different story. Merchants were considered to be greedy and therefore resorted to unfair business practices when dealing with peasants (Ashraf, 1988). Mehta (Mehta, 1991) opines that Banias exploited artisans by requesting advance payment for the purchase of raw materials. Also, middlemen in these times exploited artisans. Thus, in practice, for the weaker sections of society, the ideal of the honest trader was not felt as the broker system proved to be more than unfavorable to them (ibid., p. 28-9). Hence, contrary to their high moral values, the behavior towards peasants was rather low (Ashraf, 1988).

Nonetheless, the mercantile ethos spread into all other areas of life. When the ethos spread, it was hybridized, transformed and extended into new areas (Hardiman, 1996). In many proverbs and songs (*bhakti sants*) peasants had already incorporated the world view and naturalized their relation to merchants (Hardiman, 1996).

Later on the mercantile ethos was expanded to the farmer. The ideal is that of a progressive farmer, who is independent to take his own decisions investing his surplus in

⁹¹The merchants’ inwardness, for example, was advantageous in a century where rulers always looked out to obtain money from wealthy merchants, see Bayly (2011a, 2011b).

business and industry. Thus, the farmer shows entrepreneurial traits even in non-business activities.

With industrialization, institutions lost their influence and concomitantly the ethos started fading. Institutions of Panch and Mahajan had lost their significance as workers were not organized in guilds anymore. More and more people from rural areas had come to the urban areas, which had also led to the dissolution of traditional caste organizations. Moreover, the nagarsheth had lost his role by the end of the 19th century to a rich businessman, who was not associated with any guild or association (Yagnik & Sheth, 2005). After Independence, power changes in Gujarati society increased. The socio-economic dominance of the formerly powerful Brahmins, Banias and Patidars was challenged by the alliance of the Kshatriyas. Thus, as the middle class and the entrepreneurial class grew in numbers and increasingly took over influential positions in the state (ibid., p. 241), a different ethos of new entrepreneurship was brought about.

Even though a few rich businessmen new to the business scene -without prior tradition in business- would continue philanthropic tradition of the earlier generations, the connection between business and public life was discontinued (Spodek, 1989). The last visible contributions of the generation of the Mahajan culture were the founding of prestigious educational institutions such as the first Indian Institute of Management, the National Institute of Design, or the School of Architecture in Ahmedabad (Yagnik, 2002). Moreover, lifestyle changes made the altering ethos visible: conspicuous consumption became part of Ahmedabad's public life in contrast to the ascetic lifestyle of earlier days (Spodek, 2011).

Surplus of working force. A core feature -and so to speak institution - of the Indian economy and concomitantly business is the surplus of the working force (Mazumdar, October 2011b). I would like to grant this feature a part of the thesis even though there is, or mostly

because of, an almost complete absence of the unskilled workforce in the interview material. Contractual workers are a major share of the several industries, yet hardly any interview in the private sector referred to their contribution to the financial performance of the companies.

Poverty among the sheer numbers of labor across the sectors and regions is widespread (Bagchi, 1999). The working poverty rate was between 17.9 percent and 35 percent⁹² in 2014-15 (ILO, 2016).⁹³

Traditionally, India's labor force had been majorly employed in the agricultural sector. At the time of independence, a large part of the workforce lived in rural surroundings and was employed in agriculture. Yet, as agriculture was not successful in supplying them with jobs, a major part of this workforce shifted to the non-agricultural informal sector (ibid.). In rural surroundings, where most Indians still reside, the construction sector comes second in employment after agriculture with a concomitant small decline in self-employment (ILO, 2016). Nonetheless, the majority of workers in India is in informal jobs and rarely possesses protection of their jobs or any social security (ibid.). Furthermore, in the manufacturing sector, a huge number of the workforce has been substituted by machines (Sen & Das, 2014). The share of informal workers in the organized sector increased significantly due to the use of various forms of casual labor (ILO, 2016).⁹⁴ The integration into the globally dispersed production system had even increased pressure on control and work standardization. Moreover, social hierarchies were reproduced and religious-cultural mechanisms implemented to exercise control (Jha & Chakraborty, 2014).

In Gujarat, new textile associations and labor guilds formed with industrialization. People migrated to the cities leaving their old community networks. Thus, community rules

⁹² The working poverty rate below US\$ 1.90 per day was at 17.9 percent, the rate between US\$ 1.90 and 3.10 was at 35 percent International Labour Organization [ILO] (2016).

⁹³ The situation hits women even harder as the clear majority of women works in the informal sector or informally in the organized sector: 96 percent in 2008 (Swaminatham (2009). Moreover, child labor accounts for 13 percent of the Indian workforce, see Government of India (2001).

would not apply anymore, which left workers unorganized and unprotected. Mill workers, however, continued their associations with variation. After an open and violent conflict between workers and mill owners, the first guild of cloth traders formed in the late 19th century in Ahmedabad to settle conflicts. The guilds shaped worker-capitalist relations in Gujarat effectively avoiding conflicts, and long-lasting and expensive disputes (Spodek, 1969). Mahatma Gandhi had also contributed to this particular way as he had used his influence on the mill owners in Ahmedabad to settle disputes with the priority of quick peace (Tagore, 1984) as opposed political strikes (Dwivedi, 1982).

In the decades after Independence, the majority of India's workforce was self-employed. Those who worked in the industries hardly profited from the alleged strict labor laws. Whereas flexibility in labor processes was envisaged by most companies, the Industrial Disputes Act and the Contract Labor Regulation and Abolition Act of 1970 hindered full labor flexibility. As a reaction companies would either ignore the laws and have people working without a contract at all, make them leave units that proved unprofitable by circumventing the laws (Sen Gupta, Anil K. & Sett, 2006), or outsource and subcontract regular labor (Mathur, 1991).

In the jute and cotton mills, a more permanent pool of skilled workers was employed. Yet, particularly in the 1980s, many mills had to be closed down for profit reasons. As one of the main suppliers of organized sector employment at one-third of the total employment in the organized sector, this meant a huge increase in informal employment (Sharma, 2006). In some cases, as in engineering industries, the bulk of the operations was carried out by contract labor (Chandavarkar, 1994; Jha & Chakraborty, 2014).

⁹⁴ In 2011-12 79 percent of non-agricultural workers worked without a formal contract and only about 24 percent possessed social security benefits, see ILO (2016).

Around two third of all people in India who were engaged in the non-agricultural sector were either self-employed or casual workers around the economic liberalization (Visaria & Jacob, 1995). This picture has been reinforced by liberalization (Mazumdar, October 2011b; Sharma, 2006) as economic policies have started shifting the focus to the private sector. More than 70 percent of workers in the industry and services have been employed in the informal economy in India. Further, employment in the public sector that was set up in order to provide stable employment to citizens, declined with liberalization. The private sector had despite its growth not provided more employment in blue collar jobs (Mazumdar, October 2011b).

Whereas liberalization had not improved the lives of the unskilled workers, white-collar workers, who are numerically much smaller than the unskilled labor force, have benefited from industrial sector growth: white-collar wages have increased considerably (Mazumdar, October 2011b). The labor markets have become more flexible (Sharma, 2006), the role of the unions has become less, and industrialists have received more scope to determine labor conditions (Mazumdar, October 2011b).

Trade Unions. Indian trade unions were shaped by the colonial period (Shyam Sundar, 2006). Trade unions resulted from the labor movement that arose after World War I, which was a rather temporary response. The British had not tolerated organizational activities and therefore workers' organizations could not be formed (Yagnik & Sheth, 2005). As the labor movement needed leadership and politicians needed mass support for their idea of Independence, both forces began collaborating.⁹⁵ This had the effect that the state intervened in trade union affairs increasingly after Independence. The state created certain rights for the unions, institutionalized conflicts and intervened in welfare and union rights matters.

⁹⁵ Other factors for building a labor movement than the pure resistance against poor labor standards were the creation of the ILO, the Russian Revolution and the rise of the freedom movement, see Shyam Sundar (2006).

International labor standards were not ratified by the state (Shyam Sundar, 2006). The intentions of the state to achieve industrial safety had rather small effects, and the militancy of trade unions along with the concomitant lack of collective bargaining further fueled the anger of industrialists.

Additionally, trade unions in India have been fragmented. At the country's Independence, there were two major central trade union organizations: All India Trade Union Congress, founded in 1920, and the Indian National Trade Union Congress, founded in 1947. Soon after, a third actor came onto the stage: The Hind Mazdoor Sabha and the Bharatiya Mazdoor Sangh. Each was allied with a different political party, which meant a fragmented union voice. When a trade union's influence was considerably big, industrialists formed their separate organizations to act as balancing force in politics or directly arguing with the unions. The counterpart of the industry was the Chambers of Commerce since the 1920s (Bettelheim, 1968). In these times until the 1970s, workers in the industry had mainly been employed in big companies. This collective effort supported the trade unions bargaining power (Chatterjee & Heuer, 2006). While the workers still worked for little, the trade unions were able to achieve some improvements in wages and social conditions (Bettelheim, 1968).

Yet after Independence, several incidents started weakening their influence. The instability of local organizations and the disagreements among central unions contributed to the downfall (*ibid.*). The political tensions among the Unions led to the emergence of enterprise unions, which contributed to the decrease in power (Bhattacharjee, 1987). Moreover, as trade unions originated in the organized sector, they majorly focused on their clientele, ignoring the informal sector, part-time workers, women, children and immigrants until the 1980s when they started organizing workers in the informal sector. However, new trade unions specializing on the informal sector have been founded since (Shyam Sundar,

2003). This has rather contributed to a fragmented and thus weak voice of trade unions. Trade unions had received, furthermore, a negative image (Arora & Puranik, 2004).

While around Independence, the influence of the trade unions was relatively strong, it vanished with liberalization. The industrial sector hired more contract and temporary workers, and worked with sub-contracted operations (Arora & Puranik, 2004; Bardhan, 2001; Tripathi & Jumani, 2013). Strategies like outsourcing and parallel production have weakened federal and central trade unions to a great extent after liberalization. In the textile sector, for example, rigid labor laws and policies are circumvented by not employing regular workers, but giving work to the informal sector, work that is done at workers' homes without extra provisions or adequate salaries (Arora & Puranik, 2004).

Moreover, economic liberalization brought changes to trade unions as strikes were outlawed, public enterprises were privatized, and labor laws diluted. Particularly in the Special Economic Zones, where the new service sector industries are situated, labor laws are highly flexible allowing for no unionizing (Shyam Sundar 2006).

While central unions have lost almost all their influence, firm unions have experienced an increase in bargaining power. Yet, there have been fewer strikes (Datt, 2003) and workers had received fewer dues (Roy, 2003). In the firms, only one-third possessed unions, while larger companies are more unionized than smaller ones. Firms with unions paid their (un)skilled workers 17 percent more than companies without unions (Sharma, 2006). The Public Sector has had a special relationship with trade unions. PSEs had a special obligation to employees as part of the public welfare plan. Because of this and because of the loud critique on the efficiency and weak financial performance of PSEs, trade unions have failed to negotiate better conditions (RoyChowdhury, 2005).

In present times, India's workers' rights are scarcely protected, social protection is hardly enacted and there is hardly any dialogue between employers and unions (Shyam

Sundar & Sapkal, 2017). According to the Industrial Disputes Act of 1947, workers have the right to form a union. However, in practice, company management intervenes in the formation of unions, which leads mostly to repression rather than allowance (Jha & Chakraborty, 2014). Generally, workers are badly protected by India's legislations in industrial relations (Sen Gupta, Anil K. & Sett, 2006). The government appears to have taken the side of the employers in cases of strike, even with the intervention of the police (ibid.)

Enterprising workforce through global capitalism. Economic liberalization had its effects on employment levels, as I had shown previously. With increasing integration into globally dispersed production systems working cultures and conditions have become altered through very fast and adaptive responsive production and manufacturing, also known as *just-in-time production* or *lean manufacturing*. As I have established, the integration into the global production system has mostly taken place in certain industries such as the automobile, textile, IT or the pharmaceutical industry, thus these sectors are affected by changes the most, yet not exclusively.

The integration into the global economic order has further widened the division between employees and workers as only the better educated section of the workforce profited: the employees (Mazumdar, October 2011b; Neve, 2014). Yet, certain initiatives have started to be applied to both. Hence, as India aims to maintain or even improve its position in the globally dispersed production system, the government believes it needs to be proven that the workforce needed to be better skilled and technically qualified. Due to the rise of knowledge economies, cheap labor has lost its significance while sufficient knowledge and skills have come into the spotlight (see Maclean, Jagannathan, & Sarvi, 2013). Even though, scholars are discordant on whether the globally dispersed production system has led to deskilling or multiskilling, or to control or autonomy (Braverman, 1998 [1974]; Womack, Jones, & Roos, 2007 [1990]), in India there is reasonable doubt whether lean and flexible

production, workers' autonomy, and multiskilling have replaced previous working conditions and cultures. Due to a fast paced global production system, work has intensified for the unskilled workers, the competition globally in times of cheap labor has increased making Indian unskilled workers even more vulnerable than in times of the restricted economy (Jha & Chakraborty, 2014).

At the global and national level, programs have been suggested and implemented that created new demands in the workforce. There has been a call for Skill Development programs and initiatives. India's workforce has been criticized as lacking employability, as the formal education training and vocational training that would prepare people for work is insufficiently working (Chenoy, 2013). Several international organizations such as the World Bank (World Bank, 2010) or UNESCO (UNESCO, 2012) have suggested Skill Development for poverty alleviation and economic growth.

Skills in the workforce need to be understood in various ways, yet in the former meaning it has been declining in its relevance as technology requires little craft-input, know-how, or experience (Jha & Chakraborty, 2014). With the shift away from manufacturing towards the service sector in the industrial scene, skills understood as soft skills such as communication, personal grooming and time management (Unni & Rani, 2008) have become crucial. Yet, these traits have gained importance in other fields as well. These behavioral skills are also part of shop floor training.

The Indian government has even supported skill development, for the first time in the Eleventh Five Year Plan (2007-12), in which the lack of "marketable skills" was criticized. Several institutions were founded for skill-training initiatives, in 2009 a National Skill Development Policy was amended, and skill training programs were initiated in several ministries (Nambia, 2013). Finally, a public private partnership was initiated under the National Skill Development Mission, launched in 2015, to foster skill development across all

sectors with the goal to reduce poverty, educate young people, and develop rural environments (Ministry for Skill Development and Entrepreneurship, 2015). Skills that are promoted are speed, efficiency, hard work, motivation, and drive. They are propagated not only to pay off in the workplace but will also be useful in the private life. Closely connected to skill development is the idea of entrepreneurial subjects. Self-initiative, risk-taking and being entrepreneurial are focal traits to India's skill development programs (Nambia, 2013). The centrality of entrepreneurship to skill development became even more obvious in 2014 with the foundation of the Ministry for Skill Development and Entrepreneurship, and in 2015 with the National Policy on Skill Development and Entrepreneurship, which both bear *entrepreneurship* in their titles. However, as the interviews were conducted in 2013 and 2014, the strong focus on these traits had not been overly pronounced as I will lay down in the next chapter on the capitalist ethoi.

Conclusion

In this chapter, I have established major institutions and practices of the sociocultures in Gujarati business and in which times and under which conditions they have emerged.

These sociocultures coexisting in current Gujarati society and business inform the capitalist ethoi, which will be presented in the next chapter.

Summarizing, certain institutions have continued to be central to the capitalist ethos in Gujarat like family, credit, caste, and the surplus of working forces. While the first three experienced changes in their significance through time and thus in the respective sociocultures, the latter remained equally significant over the years.

Through the first transformation that I presented in this chapter, several institutions, practices, and values have formed into the Mahajan socioculture. Family has remained a stronghold for business. Trust, which is crucial for business networks and credit taking is generated via the reputation of the family. The social status is maintained or increased

through charity and community causes, at a more local level. This fosters a rather paternalistic welfare towards close people. In the business community, mostly the merchant castes were present and dominant, with occasional entrants from upper caste backgrounds.

The organizational structure of the family was also the organizational structure of business: joint-families with various business endeavors for family members to own and manage. Similarly, as the joint-family had a strong power-center, the family business was shaped by this central authority.

The next transformation with India's Independence, brought a strong state and an inferior status of business. This stronghold of the state has remained in the Nehruvian socioculture. The division into a public and a private industrial sector has persisted to some extent. The role of the public sector in providing employment or low prices for essential goods has been diminished. Thus, the state fostered other socio-economic backgrounds and castes than before by implementing affirmative action through quotas and reservations. Moreover, the highest positions in public sector companies were filled with personnel from the elite cadre of the IAS. Last but not least, the economy was closed and therefore protected from external competition.

The latest transformation occurred with the opening of India's economic market in 1991. The social base of the business class would expand as new entrants apart from the typical merchant castes would enter business, yet still dominantly from an upper caste background. The status of the public sector and concomitantly its employees and the rank of education were lowered. A rather soft integration into the global economic order brought little foreign investments. Furthermore, families maintained mostly ownership and control over their companies even with an increasing role of the stock markets.

CHAPTER 5. The Capitalist Ethoi in Gujarat's Business Elite

In this chapter I present the three capitalist ethoi that I have reconstructed from the interview material: the Mahajan Ethos, the Nehruvian Ethos, and the neoliberal Ethos. Each subchapter begins with an introduction to the history of the socioculture followed by a short summary of the ethos. The main body contains a detailed presentation of each ethos structured by thematic sections, which entail the most central issue of the ethos and mainly leadership, employee characteristics, and organizational culture. In the subsection, the structure varies between the ethoi, as dimensions interact differently with each other and some dimensions do not appear in other ethoi. Even though I grant each ethos a subchapter, I do not present the ethoi separately, but by constantly comparing and relating them to each other (see p. 67). That is why the whole chapter follows a circular logic. Moreover, the introductory story-telling prompt asking to tell something from the interviewee's life had resulted in the first and main point of comparison of the central theme in business: Whereas the Mahajan ethos centers on the tradition and social standing of the family, the Nehruvian ethos values education and the personal career, and the neoliberal ethos centers on the founding of new business.

This research asks for the emergence of the capitalist ethos and its asynchronicity of its elements in the business elite in Gujarat. In the previous chapter, I had presented the historical origin of the sociocultures: the large-scale transformations that had reworked social structure and the division of labor. Core institutions and features will reappear in this chapter as the ethos is informed by this very structure. The interpretation of sometimes the same terms or concepts might result in different notions as the interpretations are informed by the different sociocultures. For each socioculture certain institutions are more central or sometimes even only present in that socioculture. Moreover, the people in these sociocultures have embodied the structure and therefore certain practices and values persist. In addition, the

nation state and the integration in the globally dispersed production system, interplay in the configuration. Through this dynamic, the specific ethos is informed resulting in the interpretation of seemingly traditional concepts as well as the formation of new elements in the capitalist ethos. The capitalist spirit is a constant interpretation from various angles and therefore a formation of hybrids. At the end of the entire empirical chapter, I will address the integration into the global economic order at once, even though the global economy is overly present throughout the chapter as it runs like a thread through several issues.

The most significant issues of the three ethoi are presented in table 1 on the next page enabling a quick comparison and guidance through the subchapters. The table indicates only the most relevant issues, the complexity of reality becomes clear throughout the subchapters when the dimensions are put in relation to each other.

Table 1: The ethoi

Dimensions	Mahajan ethos	Nehruvian ethos	Neoliberal ethos
Core identity	Family	Education	Founding company
Leadership	Risk-taking, adapting to quick changes, slight shift towards employees	Executing, on service for the state	Hard work, perseverance, adapting, delegating
Legitimation for leaders	Family business tradition	Meritocracy through education and working exposure	Meritocracy through hard work, in 2 nd generation also working exposure
Employees	Execute, loyal, team work, trustworthy	Team work, execute, loyal, disciplined, skilled, dedicated	Hard work, dedicated, loyal, will to take more responsibility, self-initiative
Organizational structure	Divisions show professionalism, centered on leader	Orderly bureaucratic, centered on execution for state	Belief in functional differentiation, centered on organization
Working culture	Checks-and-balances to limit freedom, personal, systems too rigid	Teamwork against rigid structure, ownership in decision making	Systems implemented, yet personal flexibility, participatory
Relation between people	Paternalistic, mistrust	Bureaucracy with laid down roles	Between personal and driven by systems
Values and ethics	High priority: Philanthropy for reputation; loyalty	Social along with economic motives, inscribed in goals	Little significance of CSR, responsibility of departments, institutionalized
Rewards for employees	Financial incentives	Stable job	Career development

The Mahajan Ethos in the Business Elite in Gujarat

Before introducing the traits of the Mahajan ethos, I give a short summary taken from the previous chapter to recollect the most central institutions and practices informing this ethos.

Family has persisted as central institution for business in the socioculture that emerged and found its stronghold in British fostered industrialization. Reputation and trustworthiness have been important assets of families to be successful in business. Investing in charity and community causes and religious rituals helped in increasing or maintaining the social status and capital of the family and therefore business. Families have not supported technological innovation as making business and providing the financial support of business endeavors have been sufficient. Reputation and social status is generated in rather local and personal networks, tightly connected to the credit system for business with little space for flexibility or quick change. Business communities demanded taking care of the community members: paternalistic welfare for close people. In the business community, mostly the merchant castes were present and dominant. Even though entrants from an upper caste background could enter business, it was majorly the traditional business castes that would persist over a long time successfully.

The organizational structure of the family was also the organizational structure of business: joint-families with various business endeavors for family members to own and manage. Similarly, as the joint-family had a strong power-center, the family business was shaped by this central authority. The Managing Agency System the British had brought had supported the handling of various scattered firms in the control of the family. Central socio-political started to be diminished yet institutionalized in business chambers without the traditional guild and trade associations in the background. The relatively high status of business had not been challenged.

In short, these are the feature of the historical origins of the socioculture, which have persisted to some extent until present times. In the following paragraph, I aim to give an introduction into the Mahajan ethos. Throughout this subchapter I will give references to the previous chapter on institutions, practices and values that are crucial for understanding this ethos.

The Mahajan ethos in short. The Mahajan ethos has been reconstructed in only four interviews, while some interviews had several overlaps with this ethos. However, this ethos is not less significant for the entire capitalist spirit. Starting with this ethos bears the advantage that it is informed by the socioculture with the oldest origin. Thus, I present this ethos first as the other ethoi in several respects react towards these elements. Without anticipating too much, a business leader in the neoliberal ethos, for example, distinguishes implicitly his attitude towards employees as an improvement towards earlier styles, which I reconstructed in the Mahajan ethos.

To make it short without being able to properly consider all dimensions in their relations: the Mahajan ethos centers on family as it is the identity of business and their reputational capital is generated via the family. Trust in the family established through the upholding of values and ethics, though with a decreasing priority in public spending and philanthropy grants the support of the business community in crises. As family businesses, there is the need to show professionalism through systems and standardized processes. Particularly, the organizational structure in its functional or divisional differentiation is highlighted for the purpose of showcasing professionalism. However, the systems considered to be ruthless and contrasted to the perceived better personal relationships to people.

The entrepreneurial attitude understood as perceiving business opportunities to make money is closely linked to being Gujarati. The working culture is shaped more by personal relations that are portrayed being a strength guaranteeing trust to potential or current

employees. Thus, apart from formal contracts, the verbal agreements appear to be valued more. The relations between leaders and employees are shaped rather by paternal attitude, in which the leader needs to take care of the welfare of the employee, creating more personal dependency to the leader. There is an opening towards shifting the focus to employees. Leaders seek to take employees' perspectives into account, yet the felt need to take care of limiting their scope.

. Employees are given more freedom in executing their tasks due to the various departments, yet the need to monitor their work is perceived in a strong manner. Employees need to be loyal to the company and not harm the company. There is a general mistrust in people. Diverging information that would potentially harm companies is a major issue in the Mahajan ethos.

There are less entrepreneurial attitudes than in the neoliberal ethos. More similar to the Nehruvian ethos, people need to be team players and execute their work in a committed way. However, risk-taking capabilities and the inherent energy are the entrepreneurial attitude in leaders. Risk-taking should not be confounded with gambling as it, and the energy of taking risks is impaired by Gujarat's relatively limited resources in the global economy.

In general, there is adaptability, particularly in leaders. Companies had to adjust to the changing environment during License Raj as well as with the heightened competition and growth and expansion through the opening of the economic markets. The changing environment is perceived as slightly frightening, the adaptability towards these changes is more demanding on people as their ethos is not congruent with the structures.

Not too many companies and groups from the Mahajan socioculture are among the top companies according to revenue. Several established family businesses in Ahmedabad, mostly active in textile industry, struggled severely in the mid-1980s and lost their socio-political power. Out of this league, there are hardly any companies left, only at the smaller

scale. Moreover, there are traces to be found of this socioculture. The contemporary force of global capitalism has been proven quite strong. While there are division lines to the neoliberal and the Nehruvian socioculture, it gets blurred, particularly to the neoliberal one as they share the characteristics of being in the private sector with less interference of the state. However, as there are relations of communication throughout the ethoi or one singular ethos, so to speak, there are interconnections and therefore similarities.

I chose the terms *Mahajan socioculture* and *ethos* as it refers to a period of the so called Mahajan or merchant culture associated with the guild system, which had shaped Gujarat's business for centuries (see p. 106). Surely, this culture had vanished in its full extent by the turn of the 20th century. However, other features of the merchant or Mahajan culture such as the high socio-political standing of business families and their visible philanthropic contributions for Ahmedabad had last until the 1960s. I had found the focus on philanthropy, focus on values in business, socio-political standing of the family for credit, or more paternal relationships in secondary literature on this period, which I also reconstructed in the interviews.

As family is among the most crucial features in the Mahajan socioculture, I would like to start this subchapter circling around family in business.

Family in the Mahajan ethos. Family maintained its significance for business in this socioculture. This does not mean that family has remained unchallenged. Competition in the global economic market has left its marks here as well. There are more professional managers in the company, yet family members have remained in the most powerful positions in the companies and groups. I had alluded to an increase in the significance of institutionalized cultural capital for the next generation in these businesses in the previous subchapter. Family businesses do not depend only on financial support from within the family or from the credit

network in business, but also on stock exchanges. Yet, as I had established in the chapter on the large-scale transformations, shareholders have exerted limited influence on companies.

Family legacy. In the Mahajan socioculture, family has been at the center of the narrations about life. Connected to family is its reputation, to which values play a significant role. Values have remained a major concern next to economic profit. Legacy refers to the high socio-political standing of the family, yet also their tradition and business experience. The time the family has existed with its high-status counts as symbolic capital for the family. Thus, when asked to tell about the life story, interviewee no 1 narrates about the social standing and tradition of his family and the business values, in contrast to other particularly from the neoliberal socioculture, who have responded on this story-telling prompt by narrating the company's development and financial performance:

Yes, the uh family uh is in business since over a century and we have uh sort of written history over the last four hundred years. The family has always uh believed in business uh keeping the social work and social justice in mind, which today uh people call as uh this uh the uh corporate social responsibility. So that our family is side by side doing uh uh parallel to the business and that is the main uh [short interruption because he called his secretary not to put any calls through during the interview] so the uhm it is with a human face that we conduct businesses in our uhm with uh equanimity uh to the stakeholders, workers, suppliers uh I mean everyone. So what uh the family values are particularly that uh we give back something to the society uh besides earning and uh that is our - we are involved a lot in uh health, education, rural development and uh various philanthropic trusts uh philanthropic activities. So that is how uh how we - that I think is very important that it's uh holistic development of a society that we're [cannot understand] for.

The role of a family transcends pure business, as family business contributes to the development of society. There is the notion of business being responsible next to making profit, being actively involved in the socio-political sphere. This is in stark contrast to the neoliberal ethos, which focuses on financial parameters, as well as growth and expansion.

Nonetheless, the Mahajan socioculture follows growth and global expansion as well. They also share the optimistic outlook. Yet, to the Mahajan socioculture, the integration into the global economic order is associated with risk. I will lay down the risk-taking capabilities in leaders later in the respective section.

Family as source for reputation as financial creditworthiness. Family still serves to some extent as resource for high social status, yet financial performance figures have taken over as reputational parameters. Yet, signifying consistency by holding high values over financial matters supports financial trustworthiness, which goes along with creditworthiness. In times of financial crisis of a business or simply the need for a loan, social reputation is crucial for obtaining credits, yet also at the stock exchanges. Therefore, values have been so significant to the companies. Interviewee no 1 narrates about the financial struggles of the family business:

That uh because of this value system uh I do admit that our business is uh went haywire there's uh there was a period in uh the decades of nineties uh which saw one of our companies uh with very huge debt-"other company's name" and because of this system and that the faith the institutions had in our family with our value systems, and of course it was a major thing that also the Finance ministry you also must-I'm sure-you also must be knowing, but we could restructure our company where the institutions wrote off a sizeable debt. Similarly, "this company's name" also had uh a very-very tight situation in the market in the decades of the nineties, but then everybody trusted us-the shareholders, institutions-we had support of everyone. So, all

these values actually-one learns about or one reads the benefit of these values and uh a severe downturn that people don't lose faith in you. You get support of the shareholders, investors, workers-I mean across the borders-suppliers, buyers that these people will not let us down.

The sociopolitical standing of the family can be understood as symbolic capital in the Bourdieuan sense, which can be converted into economic capital as it enables the family business to obtain credits for stakeholders. The social status of the family transcends the mere economic, political, religious, cultural, and social resources. The family's resources could be that the family has succeeded financially in business, has contributed to the socio-political environment potentially even by holding informal political positions, gifting to cultural, educational and religious institutions, and possessing a good network in the politico-economic realm. It is not necessary to obtain all these resources, yet mostly a combination of several is important to gain social reputation such as gifting. Philanthropic activities have remained a major part, therefore, in the socioculture. CSR activities, the updated and modern version of that in the view of interviewees of the Mahajan socioculture, have been of minor relevance in the neoliberal socioculture. I will address this comparison in detail at the end of this subchapter.

In interview no 4, the narration is based on social reputation, thus significant for the Mahajan socioculture, yet in this case with a different legitimation basis. The reputation of the entire family remains important, yet now generated through educational facilities for management or management circles with symbolically charged awards than in opposite to the local communities based on philanthropic activities in religious and caste communities or socio-political functions. The interviewee in this case even argues for that matter that the family's social activities were more modern, claiming to have taken over the position of the prestigious business family. Nonetheless, the identity of the entrepreneur is rooted in the

starting of the company with a concomitant social reputation. Thus, there is a slight overlap of the neoliberal with the Mahajan socioculture.

Giving back to society. There is the intrinsic belief that family businesses owe something to the rest of society due to their successful business. Business is responsible for the development of society. Neither the state as in the Nehruvian ethos, nor simply profit making as in the neoliberal ethos is crucial for the development of the country. Interviewee no 1 states the centrality of philanthropy to their business:

So what uh the family values are particularly that uh we give back something to the society uh besides earning and uh that is our - we are involved a lot in uh health, education, rural development and uh various philanthropic trusts uh philanthropic activities. So that is how uh how we - that I think is very important that it's uh holistic development of a society that we're [cannot understand] for.

Giving back to society is linked to activities and attitudes typically associate with the notion of philanthropy such a contribution to the general welfare, planned and organized charitable funds for an improvement in society, and contributing to hospitals, educational facilities as I have established in the previous chapter on the large-scale transformations. *Giving back* is thus linked to the improvement of society. However, there has been also a shift to more self-help in the return to society as I will show in the following section. Philanthropic activities are non-manual, institutionalized as trusts, and take place in traditional fields such as health, education, and rural development.

Family and philanthropy: a personal matter. The family's social standing mainly results from gifting: charity and philanthropy. However, there has also been a change: from free charity to educational contributions for reputation next to CSR. Philanthropic activities of earlier times are mainly used as references to heighten the reputational capital.

There are incidences when social activities are interwoven with the family's socio-political standing in the region. Philanthropic work is a family matter, where the family members are responsible for the creation and maintenance of these activities. It is rather connected to the family than the company or the group and bears –in that sense- a more personal character than institutionalized programs on social activities in the companies. Ethics belongs to the leadership and management level. In the neoliberal ethos, CSR or other philanthropic activities are a matter of the respective division, not a matter of management.

When interviewee no 3 is asked to tell about the leadership and management styles of earlier generations, he states:

So, they two have built almost all major institutions in this city, from research institutions to uh scientific institutions to educational institutions, to religious temples. So, they have had a far-reaching kind of-uh and they had been giving and they have always believed that twenty percent of your earnings have to be given to or written off charity. So, you constantly do and it's not money, it is more your time, your ability is what you give, money anyone can give, but at a-a certain level, where you can influence things, it's your time and it's your commitment to make things happen. So, these were the learning from and this is the kind of inheritance, which we have had, that uh values, honesty, transparency uh humane behavior towards everyone, uh simplicity, so these have been the styles.

Business still should be conducted with “humane behavior” or a “human face”, which alludes to rather personal relationships. However, the formerly attitude to include everyone

around you that one would personally know is expanded to everyone the company deals with: from stakeholders, to workers, to suppliers. At the same time the rather personal attitude in welfare is linked to the contemporary notion of philanthropy when comparing it to the present idea of corporate social responsibility.

Charity appears to shift from simply gifting to providing help to self-help. Charity is still connected to the social standing of the family in the region as there are comparisons to previously known figures in business and philanthropy. Yet, charity should not simply provide basic necessities, but meritocracy and competition have found their way in this realm as well, which are rather popular terms of the neoliberal socioculture. Interviewee no 4 states when asked for the charity activities the interviewee had just mentioned:

No-no. What my chairman believes that one should not be given free money. What he feels if he is educated, he will be learning how to earn and then feed himself. So, that's how he's focused among field of education. And if you really see, Gujarat was never having any private participation in higher education in the state. It was all state run, government, universities or institutions. So, what was happening in the state, enough students, but not enough number of positions available where everybody could get enrolled and get education. See, someone who performs poor in exams, that is required to qualify, so uh hardly I would say total demand is a hundred. There were hardly less ten percent of seats available that local students can go and study. So, most of the students, family members, because they were well to do, they were sending them to other states like South Gujarat uh South-South India and all, Bangalore, Hyderabad. So, that's where all people were going. So, this was one of the first-but this is developed which is to run on a merit, not with an intention to earn on ca-
pitation fee or something like that. It's purely on a merit basis. Uh and uh admission is all-India basis, so there are competitive uh like uh uh SAT uh there is another uh

like local exam, so that everybody appears for and then on that basis, on merit least, people are getting enrolled.

Family members still part of the core management team. Family has not only played a major source for reputation in business. Despite calls for professionalization in management personnel, which were also part of the distinction of the neoliberal ethos towards the Mahajan, family members continued to play central roles in the companies or groups. Family members are still part of their top management in the companies. Their legitimation is not strongly questioned. Professionalization in business is considered more in the working culture and organizational structure of possessing clearly defined departments and divisions.

Interviewee no 9 states:

Well I'm almost about to retire in few years time. But I have three sons and all of them are very hungry. And they're quite capable and they're running their own individual businesses quite well. The eldest son is looking after our international-this business. The middle one stays out of Bombay and works for the domestic business in India. The youngest one runs uh real estate division of the company, also some fine chemical in smaller quantities in the group. So, all of them are started taking keen interest. They today management our-by the way they're doing it, my job is currently mainly planning for the corporate as a whole structure for the organization. Looking for the future and whatever time I have I'm going to devote to maybe globalize our companies. There we see tremendous opportunities in some of the areas what we work in. And that's what our plan would be. So, I'll personally will be focusing overseeing the whole group, but mainly trying to see why-where we need to go in future and augment our resources, either the manpower, or capital or whatever.

Persisting in family business throughout the sociocultures is that business has remained a patrilineal affair, in which only the male members of the family take over powerful positions

in the companies. In general, business in these industries has remained a male dominated affair at least in the top positions.⁹⁶

However, there is an increasing relevance of cultural capital in institutionalized manner in the upcoming generation. The next generation possesses educational degrees from prestigious US universities majorly in the areas of economics or management. Laws and regulations such as the Companies Act of 1956 or the Director's Relatives (Office or Place of Profit) Rules of 2003, require an approval of the Central Government if family members of the promoter are intended to be installed in the executive level. Irrespective of these barriers, family businesses can continue their legacy as such.

Entrepreneurial. Entrepreneurialism has been in the focus of several studies and publications and has been declared to constitute the contemporary capitalist spirit in India. My aim is neither to deconstruct these arguments nor to fully concur with the findings. While entrepreneurial might be strongest in the neoliberal ethos, there are different notions of entrepreneurial throughout the ethoi, changing also within the ethos according to the people addressed. Next to the entrepreneurial notions, there are further attitudes and characteristics that constitute the capitalist ethos. However, due to the research claim of the entrepreneurial culture in India, I seek to address these traits first.

Entrepreneurial is distinctively Gujarati. In the Mahajan ethos, entrepreneurial is strongest linked to being Gujarati. Being entrepreneurial is so deeply embodied without any rupture as ethos in the sense of a worldview as it incarnates history. In the cases of businessmen, history refers to the long tradition of being entrepreneurial.

They could refer their tradition back to the state's favorable geographical position, yet the sense of looking at the world is naturalized as the objective structures of the economic system with its liberalized policies in favor of the business elite and the valuation of business

⁹⁶ Gender and kinship are mostly neglected in the analysis on business, yet they might be crucial for connected

activities as highest in the region are in accordance with the *ethos*. The naturalized entrepreneurialism, the “natural gift”, outweighs other facts.

What is remarkable in this socioculture is further the limitation to the region, which appears to disappear with the neoliberal socioculture. There, being entrepreneurial is when it is naturalized sometimes as Gujarati, yet mostly as Indian. Thus, the local context has dissolved. Nonetheless, also in the Mahajan socioculture, the integration into the global economic order has brought changes. The local context is not so influential anymore, particularly in dealing with customers from the Global North.

In the Mahajan socioculture, entrepreneurial is associated more so with the simple fact of having business in the blood as opposed to the neoliberal ethos with meritocratic ideals of hard work and perseverance (see p. 254).

Entrepreneurial in the Mahajan ethos bears the notion of making money in adverse conditions. Most crucial in contrast to the neoliberal socioculture, which focus partly on being knowledgeable about technology and possessing the necessary skills, is that entrepreneurial is about conducting business. It is the notion of finding an opportunity to make money. It is not about being innovative in ideas and technology. Interviewee no 1 argues that: “The Gujarati entrepreneur, basically the Gujarati person, has an inborn entrepreneurial acumen.”

In the neoliberal ethos the entrepreneurial attitude is expanded from the local region to include the entire country. Entrepreneurial is Gujarati, but also and mostly Indian in the neoliberal ethos.

It was mostly interviewees of rather established family businesses who had ascribed the entrepreneurial attitude to the identity of the region, sometimes without any further explanation and concomitantly identified themselves as entrepreneurs. However, not all of

to class-making and self-making, see Yanagisako (2002).

them omitted other factors of economic success and business tradition in Gujarat.

Nonetheless, they share an absolute naturalization which is portrayed as possessing this attitude “inborn entrepreneurial acumen”, or “as a natural gift”. In the Mahajan socioculture, the companies or any business were founded without further technical skills or professionalization. Thus, being entrepreneurial obtained the notion due to circumstances that conducting business arose from perceiving the opportunity to making money out of it. Doing business by looking for opportunities to make money is the notion of entrepreneurial.

Interviewee no 10⁹⁷ narrates about economic development in Gujarat after 1991, which he attributes to the entrepreneurial attitude of doing business, of making profit:

Here people are uh traditionally businessman. They don't want to go for any other things. They-they're-they're having one role that they want to do earn good money, in their life. No more. How to do it? To do a good business and to develop it and to see that yes the entire state is developing in this kind. So, I have never found from nineteen eighty-four till today that Gujarat growth has somewhere destructed or something like that. It has grown steadily, and everybody is working on this. And it's a good work, which is going on.

However, being Gujarati is not prioritized - in the interview context at least - over other factors such as showcasing professionalism in leaders, employees, and working culture. Thus, being Gujarati and being entrepreneurial is not enough for conducting business.

Interviewees could have singularly narrated about Gujarat and its citizen being entrepreneurial. Instead other characteristics and institutions were crucial as well.

⁹⁷ Interviewee no 10 is one of interesting cases as the clear majority of the comparisons with other interviews puts him in the Mahajan ethos. Yet, he is one of the few professionals in the sample, who works in a company that was founded in times of early economic liberalization, which majorly would suggest from the characteristics of other companies that he is part of the neoliberal socioculture. However, the company is in one of the traditional sectors, clearly part of the Mahajan socioculture, so to say one of the mainstays of the Gujarati industry.

This naturalization of entrepreneurialism serves partly as explanation why Gujarat is allegedly more industrialized and superior than other Indian states, irrespective of other cities in the countries being the centers for new thriving industries such as IT in Bangalore and more recently Hyderabad.

Then there is another aspect of being entrepreneurial: the Gujarati entrepreneurial culture can be used explicitly to distinguish the private sector companies from bureaucracy and politics. This is either done against the bureaucratic state, which is accused of being corrupt, but also against the claim of the Chief Minister having developed the state. The business community claims that it was their effort, not certain policies. There are power struggles between the business community, politics, and bureaucracy as part of the state.⁹⁸

The following interview excerpt shows the entrepreneurial attitude naturalized as sense of running business, not connecting it to hard work or commitment. Moreover, the explicit use as *ethic* to defend the own standing against bureaucracy is entailed in the interview of no 9:

Well after nineteen ninety-one, whole country has grown. Not only Gujarat, which has grown. I think Gujarat always had a good infrastructure and Gujarat always had a good business climate, an-historically, it's going back to fifty years, and in relative terms. But Gujarat did have a better kind of philosophy to develop-and the people in Gujarat, from Gujarat are more entrepreneurial. They had much more sense about running businesses. So, that was a natural gift of the whole region. It starts from the coastal sea line, the ports of Bombay, and the railway going south to north. All these were added advantage. Logistics were better. And in relative terms, Gujarat is very much far, straight forward and forth-uh forth-far looking and they did manage the state well. But today, the bureaucracy is common all over the country. Our

⁹⁸ However, I seek to leave out the analysis of power struggles between them as it would potentially mean another research project. Thus, I prefer to concentrate on the aspects of entrepreneurial as Gujarati trait.

bureaucratic service is centralized. They have people from all over the country and I would not put all the bureaucrat in the same-I would put them in the same boat, the Gujarat culture does not affect them. They could be as corrupt as any in the world-and in the country.

As I have stated that majorly conducting business is perceived as being entrepreneurial Gujarati, yet solely relying on the myth of the ability to conduct business appears to be insufficient. There are tendencies to rework the narration as also being part of the hard work and effort in business, which I will address in the core attitudes in leaders.

Adaptability. While leaders in the Mahajan socioculture possess an optimistic attitude towards global business in a continuously changing environment, which the other two ethoi possess as well, they face different difficulties in adapting to changing conditions. However, adaptability is demanded in all ethoi as response to business perceived by most as a competitive environment. In the Mahajan socioculture, they already possessed big companies before the economic opening. Yet, with increasing competition, new industries that appeared more profitable and some of the traditional industries such as the textile industry going down (Chandrasekhar, 1999), the Mahajan socioculture needed to update their businesses and organizational structures. Their adaptability, thus, lay in adapting their existing businesses to the new rules of the game. However, they also faced the increasing customer-centricity in the economic market due to the competition and to some extent the need for technological skills needed to stay in competition (Cappelli, 2010). Mainly, in this socioculture among the companies with the highest revenue, there are chemicals and pharmaceuticals, consumer goods industries, and textile companies. In the textile industry, the unorganized sector posed a major competition to the big textile mills, which they were powerless to stay in competition (Mazumdar, 2010). Adaptability means risk-taking similarly to what is commonly understood as *jugaad*: under adverse conditions people need to possess the ability to be innovative, yet

with a shift towards the risk-taking capability (Mankekar, 2013). There is the pressure felt that business needs to constantly be updated to stay competitive. This contrasts with the neoliberal socioculture, in which increased competition exists as part of the external structure as well, yet the conditions are perceived as less threatening and forcing to react.

There is a tension between being ideally active and almost passively chased as reaction towards the environment. Interviewee no 3 narrates about the transformations his business went through at the end of the restricted economy:

But we took that gamble and we set up a small delicate denim plant and that worked...it worked brilliantly. And then we built one of the largest denim capacities in the world, right. So, that was the starting of my career. I had to do something different. So, I mean [I cannot understand] all the other companies closed down. And then we've grown in textiles and all years we've done new things. We keep on reinventing the company, because I personally believe that unless you reinvent the company you know it cannot stay in success for a very long time, you can't be doing the same thing, because then the competition catches up-catches up and you need to innovate and you need to constantly be able to reinvent a company. So, again in nineties we saw that you know we need to build brands, because denim and textiles and fabrics is more of a commodity. Someone else can do it and then you're fighting on price and things like that. Whereas you build a brand or an IPR, then you can differentiate yourself and you have more pricing power and as a result you can-you can be profitable for a longer time.

Here, the adaptability is emphasized explicitly in such a manner that it is a way of succumbing to *amor fati*, to the love of fate. A person feels more congruent with the surroundings and thoughts in that manner.

However, in other industries, the adaptability had been demanded less. There had not been too many struggles in the competition. Particularly, in the pharmaceutical industry, the risk-taking capability is less as the industry is highly regulated. First, that leaves hardly any space for taking risks for a leader. Secondly, other characteristics are demanded in leaders that are less connected with finding solutions under adverse conditions. Nonetheless, there is some adaptability demanded in leaders and companies in highly regulated industries such as pharmaceuticals: adapting to globally accepted standards of production. In addition, the industry is not only regulated, but values and traditions appear to be less crucial than in other industries. The transition from domestic to global manufacturing was done via countries that were more similar in their rather loose structures and procedures. Interviewee no 9 states:

We were doing global business in a small manner uh as earliest thirty years back, twenty-five-thirty years back, but they were non-regulative markets, mainly in Africa and other places. We started going to European and US markets in last seven years time. And that we had a totally different mindset. The manufacturing were different. You have to operate under the American laws, FDA inspectors would come and inspect the plant. Your research, your research is very-very critical for y-you have to do a research for the formulation development, for the active materials, we have more than four hundred scientists working in various labs and it's different business totally. While competition is close to forcing businesses to adapt, the change in the economic environment I present in the next section is perceived as less threatening in the Mahajan ethos.

Functional differentiation as professionalization. There is the belief that companies need to be functionally differentiated in the Mahajan socioculture and to some extent also in the neoliberal socioculture. *Functional differentiation* should not imply the sociological system theory (Luhmann, 1984; Parsons, 1991 [1951]). Further, functional differentiation is

not used to check which type of organizational structure is practiced such as functional, geographic, divisional, process, or matrix.⁹⁹ What is crucial is the perceived need for a systematized organizational structure to showcase professionalism of the companies. The focus on a professional organizational structure is more pronounced in the established family businesses in the Mahajan socioculture than in the neoliberal socioculture. The Nehruvian socioculture knows criticism on a lack of professionalism as well, yet the organizational structure as part of the bureaucracy with a clear structure has not been addressed in that matter. In the Mahajan socioculture, the focus lays rather on signaling the existence of various departments and divisions, and the independent board of directors, which is an institution, intended to oversee the control systems in the company. Interviewee no 9 opens his response to the story-telling prompt on the organizational structure with the focus on the clearly defined structure, which is rather typical for this ethos:

Structure of my company is very clearly defined. We have presidents, they look into different division. They do manage. For example, uh my domestic business is run by a president and they have their own logistics, marketing, sales and their business finance, all working under them. Then we have our international business, same way. Where the regularity of is the quality control, the purchases, the logistics, selection of new molecule attacking the market, having the strategy for the global business is under that domain. We have a corporate functions like finance, which takes care of all the group companies finances. Also, we have an HR, which will handle the Human Resources and the problem related to HR. And then there are-we have a board and then we have a managing director and a chairman. So, that's the structure we have.

The neoliberal ethos would argue more for delegating the responsibilities and the belief that people perform best at a position or function in the company. Thus, the organizational

⁹⁹ However, I would like to mention that most interviewees stated they had implemented the functional, followed by the product divisional type in their organizational structure.

structure in the neoliberal ethos is connected to the working style and the belief into a systematized structure contributing to the performance of the company as opposed to the mere stating facts in the Mahajan ethos to showcase professionalism. Despite the use of the systematized organizational structure to signify professionalism, there is in the end more delegation required from leaders to employees. However, the demands in employees, which arise from that, are different to the neoliberal socioculture. Team working capabilities, for example, are prioritized over responsibility bearing characteristics that the neoliberal ethos had emphasized. So, I like to address the attitude in employees first.

Focus on employees - “We believe that people is our wealth!”. One of the central beliefs in the Mahajan as well as the neoliberal ethos is the focus on people, meaning employees. People are perceived to make a difference in a company’s performance. Opposed to the surplus of workers, skilled employees for mid-level to upper level positions are rather scarce. As companies grow and expand there are increasingly more professionals needed in the company.

There are various explicit statements such as “basically, we believe in our people”, or the company seeks “to nurture young talent”, “My leadership qualities? I think I personally believe in managing business through people!”. The translation of this focus might be that leaders’ responsibilities center on empowering employees, creating a culture to attract and retain them, or that there are various training programs. Concomitantly, the need to have skilled employees working with a company translates differently in both sociocultures mentioned. I will go into depth about the working culture and the relations to leaders later in the chapter.

First, I seek to lay down the issue of employees and the connected term of *talent* first. HR plays a significant role in the capitalist ethos, in all sociocultures. The particular content and organization of such varies, however. Yet, in the Nehruvian ethos, HR is less emphasized

in the narrations and the term of talent has not been mentioned. The focus on HR departments in the two other ethoi goes along with, or to be more precise, integrates into the belief in systematization and institutionalization, which I will address in the sections on the working culture later in this chapter. To say up-front the Mahajan ethos entails the tension between system-orientation and rather personal relations. In the neoliberal socioculture, systematization is weighed greatly to rationalize businesses, which further contributes to an allegedly much needed professionalization. The institutionalization of certain processes as functional divisions contributes likewise to professionalization. In most companies, the so-called *talent management* operates within the framework of a systematized and standardized HR management including recruitment, monitoring, and retaining. It is a functional division for the majority of employees separable from the leader's responsibilities, in the top management positions, the leader will interfere, however. In the Mahajan ethos, the personal and paternalistic leader, which I will present in the following sections, intersects with that. Nonetheless, the focus on employees at least at explicit level is strong in both ethoi.

Talent. The notion of *talent* used for employees is present throughout the neoliberal and Mahajan ethoi. Companies in India have faced a short supply of highly educated employees in contrast to the surplus of workers in the country. Because of the former, employees need to be fought for, particularly retained. The public sector in contrast has, so far, enjoyed a good reputation as stable employer, and therefore has not experienced difficulties in attracting employees. Moreover, investing in the training and the personal career development within the company is expected to contribute to companies' financial performance. Nonetheless, a precise definition of talent remains rather elusive. The neoliberal ethos, as I will lay down in the respective subchapter, entails an opposition to earlier ways of businesses, which focused on technology or influence, to which the focus on employees is perceived to act as counterbalance.

Nonetheless, the two ethoi share this narrative about talent: praising employees through this term almost as unpolished diamonds with concomitant little narration about in which way employees are outstanding. Mostly, while employees indeed need to possess sufficient technical capabilities or competence, they do not need to be outstanding prior to joining the company. The company invests in them and shapes their values, so they feel aligned to the company. To companies, talent bears the notion of people not having been trained according to their needs. Focusing on employees is understandable for two main reasons. Keeping attrition rates low is not only in companies' interests to lose knowledge and expertise related to the company, but the investment in the training of employees as well. Companies furthermore motivate employees mainly with two incentives: with financial rewards based on their performance, thus merits, and with growth and development perspectives, so that employees profit by acquiring more skills. Talent signifies growth and development, particularly for the younger employees as the profit mostly from HR programs. Only one leader had argued the management concept of the visionary leaders that *excites* people to join simply for possessing his *vision*. Mostly stable careers and growth perspectives are what leaders provide to employees. The foundation of motivation for employees is the financial rewards linked to their performance based on monitoring systems within the companies.

Core attitudes in employees. As I have established, the Mahajan ethos grants employees central position in the companies through training programs in strong HR department, just a little less pronounced than in the neoliberal ethos. Further, there are different notions to the entrepreneurial attitude in people understood as self-initiative, risk-taking, or energetic in the neoliberal ethos with a concomitant demand to be willing to take over more responsibilities, which is meant by willing to adapt to the development of the company with new positions.

Executing and loyal employees, hardly entrepreneurial. Employees are expected rather to execute their tasks, to work in teams, and be loyal to the company. Qualities such as assuming more responsibility, taking risks, and being self-starting are either absent or hardly in the focus. Interviewee no 4 responds to the question on what constitutes a good employee to him:

Good employee? Who's committed! See, we don't allow uh [cannot understand]...transparent, team working uh and committed, loyal, who wants to grow with organization.

Notions of entrepreneurial are not crucial. Employees should execute their tasks, work in teams, a capability that I address in the next section and majorly be loyal. As the Mahajan socioculture emphasizes values in the company, there is an emphasis on values embodied by people as well. There is mistrust in people to diverge and harm the company. Therefore, employees need to be transparent and honest. Thus, in opposite to the other sociocultures, leaders had focused on the moral attitude, the integrity, values of people. Interviewee no 9 almost prioritizes them over skills when being asked for qualities in employees:

Complete transparency-transparency and honesty. And intellectual honesty also, not diverging the information of the company, not doing any kind of-using your own abilities uh very good governance. So, not conflict of interest outside the business, being completely committed people to your role in business. So, any kind of conflict of interest, if you're not taken prior permission, that's breach of trust. That's not allowed. So, all these things are-and managerial competence is the most important.

In the section on the working culture and business ethics as core constituents of the Mahajan socioculture, I will analyze what honesty and trustworthiness entails. First, I would like to address the team work that is more significant than in the neoliberal socioculture.

Team working in employees. The team work is implicit in the neoliberal ethos as well, yet with less focus. Team work in general is more in the limelight as the division into functions and departments had been stressed more in the Mahajan socioculture. The differentiation into departments showcase professionalism as family businesses in opposite to the companies in the neoliberal socioculture, whose identity and perception from outside is constructed via their recent foundation. There is fear that people risk cohesiveness in the companies, which is almost absent in the neoliberal socioculture. Business environment is perceived as risky as it entails a pressure of quick changes and fast responses. Interviewee no 4 states:

See, teamwork means when one has to pass on for someone to take over. So, that's where coordination and teamwork is important. If someone starts distorting to play game or-see it's like a chain, it's a link. If anybody is weak and that's what we don't encourage and ensure that's the teamwork is maintained. So, and teamwork is must for achieving your goals and targets, which are of higher order, which are time-bound and that's what is helping us. So, that's where we play pivotal role, we create, transform- sorry transparent environment. We facilitate, and we create that conducive environment, we throw over that whoever is not a good team player, we just throw him out [laughs]. I think that is what I mean.

Bigger companies with an organizational structure with various departments and divisions brings the need to work separately, while still maintaining one common goal in the company. There is a slow adaptation in this socioculture towards that, which can be understood with Bourdieu's concept of hysteresis effect. The changed environment does not fit with the internalized dispositions. The difficulty of working in teams is explicitly addressed by interviewee no 3:

And we don't work very well as teams. We are all individuals. We're artistic, we are innovators, we are research-minded, but uh we're not very good team workers. So, to build a good team and teams are necessary to work large companies. So, this is where we need to work-work differently and-and train differently, so that you need to work as a team, you can't do everything yourself. Your objective is not to stand out and do exceptionally well. You've, you're responsibility to as a team win. So, all these things have to be taught in India very differently, compared to how you would work with a Japanese or how you would work with a German or how you'll work with an American.

The demand for team working capabilities is also high in the Nehruvian ethos. Both sociocultures share the formerly strict hierarchical structure. While the Mahajan ethos stresses the functional or divisional differentiation that is stressed as if it was established rather recently, the Nehruvian ethos embodies the bureaucratic structures. Yet, the difference lies in the Mahajan ethos needs team work as there are more divisions and the power is not centered anymore. The Nehruvian ethos demands team work as decisions need to be owned, hierarchical decision making is perceived to be detrimental to business.

Core attitudes in leaders. The main story telling prompt referred to the interviewees as leaders. However, the figure of the leader occasionally was ascribed to high positions in the companies by the interviewees as well. The bigger the company, the more professionals and the more leadership positions existed, the more likely that leader refers not only to the MD or CEO level, but to professionals in high positions in the companies.

There is hardly any identification related to their managerial position as CEO or MD, as *manager*, or as *businessman*, meaning interviewees had not presented themselves as such, which accounts to all ethoi. This identification is in the Mahajan ethos connected to the family, in the Nehruvian ethos to the educational focus as part of the Indian Administrative

Service (IAS), and in the neoliberal ethos to the act of founding the company. Another word that was used in several interviews of the private sector except for four, to refer to the highest positions in the family business, always restricted to family members, was *promoter*.¹⁰⁰ However, there has not been any argumentation or narration about the figure of the promoter and attributed attitudes.

Entrepreneurial: between business as tradition and hard work. Leaders do not identify primarily as entrepreneurs, similarly to the neoliberal ethos. However, the figure of an entrepreneur in the Mahajan ethos is situated in a leader, not in employees, as that is the case in some of the companies with more participatory working culture in the neoliberal culture (see p. 283).

Whereas the companies in the Mahajan sociocultures have not built the family business with their own hands or can refer to the previous generation to have founded it in opposite to the neoliberal culture, two aspects are of interest. First, the reputation of the family and the founding figure of the family business are used in their tradition and social standing. The neoliberal socioculture in opposite refers to the entrepreneurial spirit as hard work and perseverance in connection to the foundation. Secondly, some leaders have made an effort in their narrations to portray the history of their company and their work as manual work, thus also bringing in meritocracy.

In this narrative they neglect their advantage in capital volume in the Bourdieuan sense, thus the sum of financial, social, educational, but also symbolic resources. Factors such as possessing the right information which business opportunity might be profitable, the right contacts and networks for financing business, influential people having trust in the leader as

¹⁰⁰The promoter is defined by Section 2(69) of the Companies Act of 2013 and Regulation 2(1) (za) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations of 2009 as persons possessing control over a listed company. In practice, the promoter refers to the highest position in a family business.

part of the family business with reputation, have all supported leaders even when they founded new parts of their family's business or developed it further.

The Mahajan leader is less entrepreneurial. Generally, the neoliberal ethos values various notions of entrepreneurial more than the Mahajan ethos (see p. 250). Unsurprisingly, qualities understood as entrepreneurial in the neoliberal ethos such as perseverance or hard work, are not demanded in leader in the Mahajan ethos. In the neoliberal ethos, the entrepreneurial attitudes are strongly linked to the narrative and experience of having founded the company recently by himself. While there is a certain need to show some sort of effort in being a leader in the Mahajan ethos, the focus is less on having achieved the position through working exposure, as I have hinted to in the previous section on business tradition and hard work.

However, while leaders in the Mahajan ethos are not perceived to display explicitly high levels of energy, they should be active as response to the environment.

While the neoliberal socioculture stresses energy and dynamism in people and particularly in leaders, the Mahajan socioculture demands this rather from employees than from themselves. This is not surprising as energy is connected to entrepreneurial and the leader in the Mahajan socioculture does not bear the notion of work and perseverance. Energy in the Nehruvian ethos is not as prevalent yet demanded from employees as well (see p. 236). Risk-taking is part of the notions of entrepreneurial in leaders in the Mahajan ethos.

Risk-taking entrepreneur vs executing manager. In the Mahajan ethos, if a person lacks the entrepreneurial attitude, he is reduced to be a manager. Risk-taking is part of the entrepreneurial leader, otherwise it would simply be an executing managing task. Thus, a manager is understood as someone who simply executes, who is thus being characterized as passive instead of risk-taking, which is associated with energetic activities. As a little reminder, I would like to mention again that active people are highly valued throughout the

sociocultures. Nonetheless, risk-taking is not prioritized over explicit values like transparency or good governance, interviewee no 1 argues:

And of course, the risk-taking capacity has to be there. Or else one can become a good manager not an entrepreneur. So that risk-taking capacity but...uh to be uh I still emphasize on transparency and good governance and trusteeship.

The leader needs to take risks to react to the changing global economic environment. Thus, while leaders do not identify themselves as entrepreneurs, there are implicit attributions of leaders as entrepreneurs. The notions of entrepreneurs, however, vary to the neoliberal ethos, which I will address in full length in the respective subchapter (see p. 250). In the neoliberal socioculture, employees are expected to take risks. This applies primarily to upper level employees. However, the neoliberal socioculture knows risks as there is mostly a framework that should prohibit or prevent risks when employees take more responsibilities (see p. 291).

Risk-taking versus gambling. However, risk-taking should not lead to riskiness and gambling. It should therefore not be confounded with gambling, aggressiveness and proactive behavior. Taking risks is hence not about pursuing one's own interest against all costs but acting in the company's interest. Here, the trusteeship principle comes into play when the entrepreneur earns just as much as he needs for his living, which needs to be comprehended ideally, not literally. Thus, risk-taking is limited by the need for financially sound businesses. A hunger for growth and expansion that the neoliberal sociocultures thrives on, is the antithesis of this attitude. This explicit made ethos, the ethic in this case is possibly directed against the newer styles within the business community. Risk-taking in the leader in the Mahajan ethos translates into being more entrepreneurial in the sense of showing more energy and taking opportunities to expand. The earlier and to some extent still prevalent

attitude has been to be rather conservative financially and in endeavors. Interviewee no 9 states:

Gujarat uh value when-they're entrepreneurial, they are businessmen. But I think they are astute financial management people. They like to conserve the money. They would like to build up the reserves. They would not spend more than what they can bite and chew, normally. Even in the companies, the successful companies normally have-they remain within the parameters of the financial ratios. I think these were-these are the important values over all Gujarat.

This rather conservative attitude in risk-taking is opposed to the demand in the global economic environment of adjusting to competition and quick changes at global level.

Limited risk-taking in the global competition: adjustment to the limited resources.

Furthermore, while risk-taking capabilities understood as pursuing growth and expansion in a highly competitive environment are perceived to be necessary, their ethos lags. While the environment has changed, ethos and concomitant aspirations have not kept a par. Bourdieu terms this phenomenon *hysteresis effect*, referring to the structural lag between aspirations and changed opportunities (see p. 38). As ethos is fairly resistant to change, it cannot be easily adapted. Ethos has developed in times when there was no competitive environment in India, yet seeks to find similar conditions, which enables the person to unconsciously provide patterns for perception, thoughts, and action.¹⁰¹ Ethos gained a steadiness through its reproduction in situations that are perceived as similar (Bourdieu 1972).

In the neoliberal socioculture, growth and expansion are more embraced, yet also being limited. Nonetheless, there is more congruency between the ethos with the conditions of competition. There are less explicit narratives about risk-taking in the global economy demanded in leaders than in the Mahajan socioculture.

In the Mahajan socioculture, there is an acceptance of the limited conditions that are entailed in the ethos. Thus, while risk-taking capabilities appear to be necessary in the global economic environment, there is a certain acceptance of the present situation that the entrance into the global economic market has not been made yet. Business leaders' aspirations are adjusted to the conditions with certain content in the socioculture that their wishes and dreams are what they wanted from the beginning. India possesses less resource than other economies in the Global North and therefore finds herself in a relatively weaker situation globally. While the Indian economy is developing, it has been unable to get it on in decisive positions in the global economic market. While there is a certain amount of risk-taking, there are limited efforts in take-overs or expansion. This is what Bourdieu refers to as *social ageing*: the adjustment of subjectivity on the objective conditions (see p. 40). Not aspiring to be the next global player in various industries is an adjustment of aspirations to the conditions. Thus, instead of aspirations to pursue global expansion to the full extent, there is a certain acceptance of the social facts of the limited resources of India, thus not the failure of just one company, but the entire business. Bourdieu calls this love of fate *amor fati*. At this point, I would like to stress that the interpretation, the perceived chances, of India's limitations might be coherent to a certain extent with social facts. At the same time, other groups have become global businesses, though just a few at national level.

Companies with their headquarters in Gujarat do not fall under the category of global companies, thus there has been no possibility in this research to contrast the cases in depth. Interviewee no 4 believes that the competition in present business demands risk-taking capabilities, yet to a limited extent, thus an adapted notion of risk-taking:

¹⁰¹ At this point, I like to refer to the section on ethos as habitus in the theoretical chapter. While there is the analytical distinction, practically, the distinction between ethos as ethical dimensions might not be applicable.

Today, Indian grown entrepreneurs are giving huge and tough competitions-it's not easy uh walk away for. If you see Bharti Airtel, is one group that is Indian grown. Birlas are into it, but they of course with eighty, eighty. But Tatas having, Reliance is having and there are many who are operating in one or two states. See I mean in all fields, there is a good competition and that is out of Indian entrepreneurship. And I see both opportunity as well as uh that will make Indian entrepreneurs or Indian groups to be transnational to an extra. We have not looked at that aggressively or leveraged to that extent, not every group. But I think in times to come, that is going to be obviously a good opportunity. Like pharma, it's a-India is major. India has limitations, like lot of resources are not available. So, it has to be dependent on ports you know. So, that's where location in Gujarat is going to uh making a big difference. And again it's going to be a good connect point for meeting entire market, country market and way out for expansion.

While the risk-taking capabilities are mostly situated in leader in the Mahajan socioculture in contrast to the neoliberal socioculture, where upper level employees are expected to display these capabilities as well, I seek to come back to focus on other core traits in leaders.

Leader: between personal involvement to guarantee integrity in employees and shifting to policy level. A leader in the Mahajan socioculture is similar to the neoliberal socioculture in several ways: people are in the focus of a leader. A leader's responsibility is to create a working culture for employees to join and stay with the company. Moreover, he needs to empower employees and motivate them. However, there is more stress on limiting people through installing systems. Concomitantly, there is skeptical attitude towards whether employees can be trusted, which takes up more space than in the neoliberal or the Nehruvian

ethos. Yet, how leaders generate trust remains obscure. Thus, the image is evoked that employees need to be trustworthy, while the leader's contribution is less.

Majorly the Mahajan ethos centers on possessing the right values in business, as I will lay down in the section on values and ethics in this subchapter. Hence, leaders perceive the need to personally supervise the integrity of upper level employees next to their skills, which are crucial for a professional company. The leader should not be involved in routine matters. There is the demand of delegating responsibilities as leaders in the Mahajan socioculture seek to shift their role to creating themselves a new role in influencing policies, being active at shaping the external business surroundings. Interviewee no 3 narrates when asked to tell about his leadership qualities:

See, I've always believed if you are different strategic business units, then you need to find very capable individuals to manage these businesses. And I've always believed in professionalizing the business and my leadership style has been that I will worry more about growth, managing the external environment, working more towards creating uh uh proper policy framework with the government, uh strategically providing the direction, but not running the business hand job. So, you need to build very capable managers. And you need to bring some of the best professionals to manage your business. So that's very easy to say, but then you need to create that climate. You need to uh to create an environment where the best are willing to come and work and you give them free hand and still have system and processes, so that they don't go [cannot understand] or they don't you know uh they can't hurt the business. So, it's a-it's a fine balance of delegating, but still having enough systems and processes to ensure that no one is able to misuse the system, or the freedom given. So, you need to create that entire environment of being able to recruit and retain the best talent. So, that would be my major uh or that has been my major style, that I try and recruit the best, empower

them, give them direction, give them lot of freedom. And putting very good systems and processes to ensure that no one misuses the freedom given

Therefore, leaders do not supervise employees and their integrity on a day-to-day basis. Yet, the leader comes into play in the recruitment process, when personally selecting the right kind of top-level employees. In general, also in the neoliberal socioculture, the leader is more involved in the recruitment process of the top level employees. Yet, personal traits are weighed more in the Mahajan ethos: selecting people belongs to the core role leaders, whereas in the neoliberal socioculture, systems are in place in the form of HR departments.

Leader as trustee. Trusteeship was mentioned a few times throughout the interviews, rather in reference to previous leadership styles as part of business ethics. The explicit use of trusteeship principles in connection to the leader signified the knowledge and the sole legitimation to make use of it as part of the family legacy, in which trusteeship principle had been practiced. Influential business men had supported Mahatma Gandhi, who had coined the concept. The concept of *trusteeship* refers to businessmen administering society's resources. Concomitantly, it legitimizes the accumulation of wealth and using it for the benefit of all (Narayan, 1966). In *Harijan*, Mahatmas Gandhi (1960) states:

How would you in a word describe the rich man's legitimate position? - That of a trustee. I know a number of friends who earn and spend for the poor and who do not regard themselves as anything but trustees of their wealth (as cited in, p. 9).

The concept of trusteeship was thought of a means to overcome social inequality next to non-possession, uplift of all, and non-violent resistance (Dwivedi, 1982, p. 429). Using the notion of trusteeship alludes to Gandhi's concepts of being involved, fair business practices, and business as social mission (Sundar, 2013, p. 180). However, already in Gandhi's times, while most businessmen were attracted by Gandhi's mission, they followed the trusteeship principle only to some extent. The figure of the leader in the Mahajan socioculture join this rather

limited understanding of the trustee applied mostly to the patrimonial taking care of employees and spending a certain amount of his wealth (less than what was favored by Gandhi). He is more central to the organization as opposed to the leader in the neoliberal socioculture. However, mostly the *trustee* is not contoured against other notions of the visionary leader, who creates a participatory culture. The existence of the different notions of a leader next to each other works also because the trustee appears rather at the same level with Corporate Governance, or transparency, also belonging to the realm of *business ethics*. Interviewee no 1 states:

But again empowering them on a reasonably professional basis and to keep your own self-interest out in a way, in this sense that uhm one has to work for the company and of course the entrepreneur is going to look after his interest, but then the role of an entrepreneur has to be more or less like a trustee and very transparent uh governance uh in order to uh inculcate these values right to the bottom.

Whereas the trusteeship principle is not established in thought and practice in the socioculture anymore fully, the personal or even paternalistic attitude of leaders to employees and workers has persisted. Even though, values in the tradition of the family take up much space in the Mahajan ethos, leaders are not perceived to be role models for values that would trickle down in the company. Whereas one interviewee in this socioculture had mentioned this quality in a leader, the rest neither explicitly, nor implicitly stressed the trickling down effect.

Focus on people: good listener, yet restrictive. There is the notion of the leader as listener, not necessarily a good communicator, which the neoliberal ethos demands. However, this capability of listening does not extend into a participatory working culture, of which there is a tendency in the neoliberal ethos. It appears to be the first step towards more

communication between leaders and employees and away from the older notion of the authoritarian leader, who had commanded employees what to do. With the focus on people, concomitantly the leader shifts more attention to employees in his role and away from his person as the only person responsible for being successful. Interviewee no 9 states:

My leadership qualities? I think I personally believe in uh managing business through people. And I feel the most important aspect of running any successful business is a team of people working for the organization. And how well you select them. How well you give them freedom, along with the responsibility. The responsibility and authority has to go hand in hand.

While, the focus on employees is equally strong in the Mahajan than in the neoliberal ethos, the restrictions on employees are more pronounced. I will address this issue later in the section on the personal involvement of the leader to guarantee integrity.

Remarkably, the leaders in the Mahajan socioculture that I interviewed come from family businesses with a certain social standing and majorly a long tradition in business. Their response to what leadership, qualities in employees and working culture should ideally be, were most refined and professional. This does not automatically translate into the practical implementation. One professional in the socioculture lacked these explicit professional statements. The workforce was also crucial to him, yet other values connected throughout the interviews as more traditional, or from previous generations respectively, such as honesty, financially astute management, or cohesive management of the different divisions were more pronounced.

Personal relationship of leader to employees. Talent, freedom for employees to take responsibilities, or system orientation had been uttered at the explicit level in the Mahajan socioculture as well as in the neoliberal socioculture. However, here the leader is portrayed as if he was personally looking after employees, which makes him central to the company. As an

alternative one might think of a leader putting systems in place, in which the employee is taken care, motivated and so on. However, in the Mahajan socioculture, the rather personal formed relationship is prioritized. Interviewee no 3 states:

So, that would be my major or that has been my major style, that I try and recruit the best, empower them, give them direction, give them lot of freedom. And putting very good systems and processes to ensure that no one misuses the freedom given.

The neoliberal and the Mahajan socioculture are highly similar in their conflict between the freedom employees need to be given and the limitation of the same, the call for checks-and-balances is weaker in the Mahajan socioculture. This is also connected to the demands to employees, who need to bear fewer responsibilities than in the neoliberal socioculture.

Working culture: shaped by personal relations. The working culture in the Mahajan socioculture is shaped more by personal relations. On one side, the company serves partly as family in their cordial relations, but also verbal agreements are valued highly. On the other side, there is a personal, rather paternal attitude of taking care of employees by leaders and directing them. The personal attitude extends also outside the working culture to customers or politicians. However, warm and cordial relations need to be cultivated in the working culture.

Working culture: paternalism and informality. While leaders in the Mahajan socioculture are more than aware of present management discourses of the visionary leader, written down business ethics, systems and clear-cut procedures in business, HR departments with rewards based on performance, there is a culture in place that is not systematized and formal, thus opposite to management speech.

Informality. Formal contracts and informal conventions exist next to each other. There are informal agreements towards employees, customers, politics, bureaucracy. Not only external relations are informal, but the working culture is affected by informality as well.

Working culture does not adhere to systems and standardized processes, as systems imply the absence of having mercy with employees in need. The working culture takes care of personal issues of employees, which is understood as humane. Moreover, as the informal culture is valued more, even though formality and informality exist next to each other. However, giving the word means more than what is written down. Interviewee no 3 states:

They know if we join this company, they'll be not doing anything wrong. Either with the government, either with any kind of municipal body, with buyers, our word is good enough. We don't have to go through lengthy legal-of course we'll have a battalion of legal deal, where everything will have lots of agreements, but the word is more important than a lot of-and-and the-the so, I mean people will-will automatically behave that way once they're with us. That they have given us a word, we don't have to worry. Irrespective of what happens, it will be-it will be you know followed up. So, these are the-how these values are lived uhm anyone who's unwell, anyone who passes away, anyone who will meets with terminal kind of illness, will be treated uh, we'll give a very good package, we'll look after that person. If someone dies working for the company, their family, their children's education, everything will be-so this is the-this is the way how we will, when we say we are humane, what does that mean? All these things, this is how we will deal with it you know, any-any situation which arises. If we have to part with an individual, our agreement would be that three-months notice period. We can ask to go, if he's not performing, but we'll be more human and we'll say, we'll help you get out best. If he has not done anything which is uh unethical, then we'll recommend him, we'll help him to get outplaced. And if it goes beyond three months, we will still pay him-pay him his uh salary. So, these are all humane values.

Furthermore, what the previous interview sequence further implies is the paternal attitude in taking care of employees.

Paternal attitude towards employees. Employees depend on the personal decisions of the leader whether taken care of or not. This system, therefore, depends on trust, which grants some stability and security that the leader as part of the family will provide the charity also when the next situations arises. Thus, when employees receive support for health, social, or financial problems, it depends on the generosity of the family business as opposed to potentially having written down rules taken care by the state or by any other system. This personal welfare for employees is directed mainly towards the lower employees and workers. However, while functional differentiation has created an environment, in which the leader cannot personally oversee all practices, there is no need felt to engage employees in a culture. Rather, employees are in the hierarchy, perceived as subordinates, in which all levels take care of their subordinates in a relationship that is characterized by hierarchy and direction giving. The personal relationship includes moreover taking care of employees in regard to charity and philanthropy as I have established in the previous section. Interviewee no 8 states:

Having daily uh or weekly meetings and percolating the higher managements thinking down the line. While until it goes to the last man, you don't get result. I may talk to my vice president. But then until the vice president in a right perspective percolates it down the line to the smallest man, who is working on the machines, I'll not get the results. So, he should have that leadership, where he can handle four, five leaders, small leaders. Those can percolate all these things down. They should be able to look after their wellbeing. They should be look after go and see there is subordinates, those workers are being properly paid, properly handled, all facilities, which are supposed to be provided, shall be given to them. If reared we can fight with their management coordinate. Ke gentleman given this-this small facility and conduct this result. So,

these are the basic things. They should be able to, sort of a infuse a ownness for working among his subordinated down the line. That's the major thing. If he has got that.

The personal attitude towards employees does not only translates into paternalistic relations, but also into personal relations considered as an extension of family.

Working culture as more personal realm: the company as family. As values such as transparency, honesty, but also the social cause of business are central to the Mahajan ethos, charity and philanthropy are part of the leader's role. The leader is expected to host social gatherings and festivities for employees. He is not expected to plan and organize the events or attend them in full length due to the distance between employees and him: Yet, there is the expectation that he contributes to these rather personal or familial gatherings, in which even their families are considered. Thus, employees should feel like part of the company as family. Apart from a working culture rewarding performance, there needs to be a more personal feeling of belonging. These activities for employees are part of the larger realm of charity and philanthropy that is characterized by more personal, read not institutionalized, contributions and activities, encompassing the traditional adoption of a religious facility. Interviewee no 8 states:

Then as a leader I'm also supposed to provide them a forum where their families can meet together, discuss, enjoy, feel that the company is doing some arrangement for us. Like on thirty-first night, my entire staff was there in the palace here. They-company has paid for them. And thousand-more than thousand people, they danced four hours they enjoyed, they ate everything, except for drink. Those you cannot do in Gujarat. Of course, we do not go to such parties. We simply go and come back. Because we do not want to embarrass them. In my presence, they will be little hesitant. They'll not open out. So, we'll go there hello, hello, hello and leave the place. So that they're free

to enjoy. So, like that three, four functions we organize, like on Mayday we do it, then twenty-eighth of December, we run a small temple near. So, we celebrate the foundation day of the temple. Call everybody what do say? Call them on dinner. So, all these-many also get some recreation. Create a forum for their childrens to do some activities like dance, drama. So, all these things we do on their share up.

The focus on personal relations in the Mahajan socioculture clashes with the need to comply with performance according to financial numbers. This is particularly the case when being confronted with global business in the next section.

Personal attitude in business versus business driven by numbers. In the Mahajan ethos, the personal relations are of higher priority than in the neoliberal ethos. This becomes particularly apparent when there is a clash in conducting global business. The rather personal account is perceived to be oppositional to business in the Global North that appears as financially driven. This socioculture values personal relationships over financial performance, over systems and processes that are experienced as rigorous and ruthless, or obeying numbers over people. Nonetheless, the necessity is felt to adapt to this culture. There are no resources to challenge that attitude perceived to represent the Global North. The own position in that environment is perceived as rather weak, resulting in the must for adaptation. However, the adaptation is, while they formally try to fit in, there are internal conflicts with on perception and attitude to this changed global economic environment. Bourdieu refers to this sluggish adaptation of the internal dispositions to the new position as hysteresis effect. Within certain borders, the dispositions or ethos adapt to a changed course. Yet, in the global competition, the values are too discordant, so the inertia of the ethos leads to an inner conflict. The own “humane” business, thus business based on personal relationships is perceived to be difficult to align to business driven by numbers. Interviewee no 3 narrates when asked to talk about global business:

Like I think, see it will be more process-driven. It-it cannot be-and less exceptions.

So, we have to accept all these things, that I can't impose my-it-it will be managed in uh we'll-we'll agree to as how we'll manage the business and then we'll have to accept that, rather than imposing our own style, or our own...values, as to how business. So, that business changes. That a [big US American globally known brand]-Americans. It's-it's very driven by number, it's driven by uh it's not very warm, I mean let's do this and if you don't do it, you- it doesn't work. You have to do that. It is more numbers driven, it is more-more by financial numbers, the whole company runs on financial numbers. So, we adapt. We say we have all the professionals, who will uh be incentivize, it's not very personal, it's not-not I know the guy and I have dined with him, I know his family, it's not-it-'s not with personal closeness, with the entire group. It's more numbers, it's more business processes, it's more meetings, it's more to get the numbers right. And they're incentivized, their salary, their compensation, it's all linked to-to creating value. So, it's less-less humane, it's all financial.

The financialization and calculation of contemporary global business clash with their ethos. In the Mahajan ethos, values that are perceived as humane are central. The ethos lags behind, understood as *hysteresis effect*, and cannot find congruency with demands and expectations in the global economic order. Thus, I would like to address the last subject of the Mahajan socioculture: the focus on values and ethics.

Values and ethics of central significance. Even though, values and business ethics are a major part of the Mahajan ethos, they are not absent in the other sociocultures. At this point, I seek to give an understanding of the role in the Mahajan ethos, yet with references and in comparison, to the neoliberal ethos. The Nehruvian ethos and values will be addressed in the next subchapter as there are a lot of particularities.

In the neoliberal socioculture, there is little narration on Business Ethics in the neoliberal socioculture per se. If the issue of value is addressed then the neoliberal ethos links business ethic such as *Corporate Governance*, *Transparency*, and *Accountability* to the financial performance of companies (Banaji & Mody, 2001). However, values and ethics are hardly significant for business. In the Mahajan ethos, ethics further entail philanthropy and charity for the community providing the family with social reputation, or benefits and responsibility for the surrounding communities as in the Nehruvian ethos as part of the social motive. Ethics and values are not linked directly to the financial performance, in the Mahajan socioculture they build up the social reputation of the family business. However, the social reputation appears to be decreasing in significance in the business environment.

In the neoliberal socioculture, one might argue that by defining *ethics*, companies give justifications for business practices in advance to evade being criticized from outside (Appadurai, 2011). In the Mahajan socioculture, there had hardly been any mentioning about *Corporate Governance* or *Accountability* as one might have expected (Banaji & Mody, 2001). However, *transparency* had been to some extent part of the explicit ethics. While the guidelines might not necessarily be followed, possessing articulated policies, written statements, about the issues grants symbolic capital to companies as leader signify, they possess sufficient and up-to-date information on management.

Transparency. Honesty and transparency are values praised in all ethoi. Yet, the priority setting and the interpretation vary. At this point, I mainly address the Mahajan and the neoliberal socioculture. Transparency and insofar also honesty is part of the ethics the companies need as a *symbolic capital* mostly towards customers, occasionally towards shareholders as well. Interesting, of course, is what is meant by the terms of transparency and honesty. There is a high amount of beating around the bush, of remaining in the implicit

sphere. Potentially, transparency refers to two issues: regarding supply chains, and tax evasion. To some lesser extent it alludes to corruption and fraud. Transparency possesses a different notion in the Nehruvian ethos. Therefore, I will address the particularities in the respective subchapter.

Remarkable is that there is the talk about transparency and honesty throughout the interviews. However, no one had argued why an intransparent company would be harmful for anyone or which behavior should be classified as such. There is a lot of beating around the bush, implying the presumably “unethical behavior”. In the Mahajan ethos, there is more stress on transparency and the right conduct towards customers and about the supply chains that need to be transparent for customers, mostly from the Global North. In the neoliberal ethos, transparency needs to be stated, yet is hardly prioritized or undergirded. While some companies have named transparency in the neoliberal ethos, referring mostly to paying taxes, most interviewees had hardly mentioned transparency, let alone specified actions or implicitly referring to the practice. The notion of transparency can be grasped when taking into account attitudes demanded in employees: honesty and trustworthiness.

Loyalty to company: Honesty and trustworthiness in employees. Honesty is another crucial part of business ethics along with trust and trustworthiness - two sides of the same coin. Whereas honesty is closely related to the perceived need to transparency, trust and trustworthiness are of higher importance to the neoliberal ethos. In short: honesty and trustworthy refers less to being incorrupt. The concepts refer to not harming business for the company. Employees need to be loyal. This accounts to all ethoi. Yet, the Mahajan socioculture demands most loyalty from its employees, while the Nehruvian ethos implicitly values the strong loyalty of employees to the companies. I will address some more particularities about loyal employees in the respective subchapter (see p. 238).

Trustworthy employees, little expectations from leaders. In the neoliberal socioculture, there needs to be a culture of trust in the company. Trust is established with the contribution from two parties: employees and either directly or indirectly through the leader. On the employees' side, the prerequisites are honesty and trustworthiness. These basic requirements are checked in the recruitment process, while one never can know for sure they will be followed. A leader needs to place trust in employees, and to generate trust. The Mahajan socioculture mistrusts people more than the other sociocultures. In the neoliberal socioculture, generating trust is perceived to be installed by empowering employees, taking them on board metaphorically speaking. Thus, employees should develop trust in the company when the leader shares the strategy, creates a participatory culture, and gives employees responsibilities and freedom to some extent in the execution of their tasks.

This is not the case in the Mahajan socioculture. While family businesses need the faith from stakeholders to obtain creditworthiness, and the issue of mistrust is present, even though implicitly, trust remains understated. Employees need to be trustworthy. Yet, leaders do not need to take care of generating trust. Similarly, the Nehruvian socioculture has implicit and explicit trust issues. The leader does not possess the responsibility to generate trust, but employees are let go immediately.

Honesty or integrity as loyalty. In all ethoi, honesty is hardly the responsibility of leaders; employees need to be honest and trustworthy. There is never the issue of a leader being trustworthy. In the neoliberal socioculture, leaders need to install trust in people. In those companies where transparency and honesty are valued, the leader is responsible for installing transparent systems. However, there is hardly any further explanation on what dishonesty would do. While the belief in the systemization of business prevails, the difficulty lies in the implementation. In the neoliberal socioculture, as I will go into details in the respective subchapter (see p. 291), the lack of systems working demands established concepts

of trust and trustworthiness to fill in. Yet not for all: for other companies, hard work and dedication are sufficient to keep a business thriving. In the Mahajan socioculture, honesty and trustworthiness do not balance out systems. There is not even the narrative of having system being a counterforce to a lack of honesty.

For both sociocultures, being honest and trustworthy refers mostly to sticking to the company's ethical guidelines, not compromising on the business of the company. In the Mahajan socioculture, the word integrity is also used for honesty. In the Nehruvian ethos, honesty and trustworthiness apply on one side to the same issues of not harming the company, and on the other side to not harming the customer. Thus, especially honesty refers to transparency to the customer of public sector companies.

While most of the times, there is no direct or indirect talk about example for unethical practice, the problematic environment is given by interviewee no 2, which appears to make it impossible to act according to ethical behavioral guidelines. He was asked whether a woman could do his job in the same way, to which he responds that corrupt practices are needed in the country:

India is a very difficult uh country to operate because of the non-ethical practices, which happen in uh getting some of the things done uh in-in the market, right? You, so let's say that's a call you take every day, but if-if-if I have to get things done in the government office in a certain manner uh, I-my personal understanding is that the females are less uhm uh wanting to do such things. And therefore, you know the effectiveness-effectiveness or efficiency could get uh compromised, because that's how things operate here you know.

Thus, being honest and trustworthy refers less to being incorrupt, but not harming business for the company. The Mahajan socioculture appears even stricter and harsher when employees grossly violate these rules. This issue appears more often throughout the

interviews than in the neoliberal socioculture. The Nehruvian ethos appears to be undecided about setting examples: while some interviewees were similar to the Mahajan ethos, other would not mention the deviating behavior at all, implicitly or explicitly. In the following section, I address CSR, values and ethics as the Mahajan socioculture prioritizes the realm the most. However, as I pointed to in the introduction of the empirical chapter, when emphasizing one weighed issue I will present the direct comparisons to the other ethoi.

CSR: continuance of traditional philanthropy? In contrast to the neoliberal and the Nehruvian socioculture, charity and philanthropy take an important role. As part of the emphasis on values, philanthropic activities are part of the family business' reputation. CSR, which leaders in the Mahajan socioculture perceive to be simply the modern term of the former, is hardly mentioned by leaders of the other sociocultures. Like Business Ethics, the neoliberal socioculture is more concerned with financial performance of the company and the hard work and perseverance in leaders. The Nehruvian ethos, as I will analyze in the next subchapter, entails social next to economic motives.

In the preceding sections on working culture and the relations to employees I analyzed charity and philanthropy for the workforce. I have established that these were rather shaped by paternalistic attitudes. Interviewees had explicitly mentioned the phrase of “giving back to society” in the Mahajan socioculture, which is similar to traditional philanthropy (Sundar, 2013, p. 313). Social problems had worsened, and social unrest evolved. Big business was perceived by the public to benefit from the involvement of the government for example in infrastructure without “giving back to society”. The educated class, sometimes even frustrated about repressive politics, founded Non-Governmental Organizations (NGOs) to bring betterment to society. Thus, NGOs took over the place of traditional charity and created pressure on business (Arora & Puranik, 2004). Business aimed to engage in socially responsible attitudes as to evade further government restrictions. Companies were

encouraged to support NGOs working on development issues also through tax concessions. In 1977, the Income Tax Act included a tax incentive of 100 percent for programs in rural development, yet was abolished in 1983-4 as it had been misused (Sundar, 2013, p. 178). While more personal charity and philanthropy persist in companies, business in the Mahajan socioculture also engage in other forms of CSR such as achieving sustainable development (Sundar, 2013, p. 204). Concomitant with economic liberalization in the 1990s, companies were responsible again for social responsibility as the state had retracted from the core role of social welfare.

Only one company in the overall sample, reconstructed to be in the Mahajan socioculture, addressed the issue of sustainable business. The integration into the global economic order had created this demand in certain industrial sectors due to the outsourcing of production and manufacturing (Bhaduri & Selarka, 2016). Particularly, in the textile sector, certain standards and codes for social and environmental conditions found their way into Indian manufacturing as CSR of companies mostly in the Global North imposed them on their outsourcing companies (Neve, 2014). Interviewee no 3 practicing the personal philanthropy inside the company, further includes sustainable business. When asked to tell about CSR activities, which he had addressed himself before, he narrates about the demand in the industry to conform to certain standards. Sustainability is a need to stay in business and less an issue of reputation, which I had established before as one of the main reasons in the socioculture for philanthropy:

See I personally believe that now it is mandatory by company law that uh a certain percentage of our net profit, every year we have to spend on CSR. But that's not how you look at CSR. I think uh if we can in a way build a model, which also benefits business in some way, then it will be very sustainable. So, what we've done is that we believe in sustainable, it's our major plan. Like-like "xy" is constantly working on reducing the

carbon footprint across our value chain. So, what we saw is that cotton is one of the most polluting crops. So, we said we need to grow organic cotton and we need to grow cotton, there-there is another major movement, which was started, which is called better cotton initiative, where all the major retailers world over, from Walmart, to Levi's, to GAP, to Nike, everyone has come together to say that we need to grow cotton in a way that it's more sustainable. So, we use pesticides, insecticides, which are harmful-we removed them. We have a very fair and transparent way of dealing with the farmers, all the marginal farmers. We have equality, so women and men both get opportunity to work in the farms. No child labor.

Concluding, companies in the Mahajan socioculture make use of their legacy in philanthropy by reframing CSR as continuance of the former. The finding of ethics and values as personal issue of the leader, as opposed to ethics and values institutionalized as part of respective departments in the companies in younger generations of business managers is congruent with studies on the German business elite (Pohlmann, 2011, p. 40). I address this institutionalization in the section on CSR in the neoliberal ethos (see p. 296).

In the following subchapter, I present the Nehruvian ethos informed by the socioculture that originated with India's Independence and therefore has emerged after the Mahajan socioculture.

The Nehruvian Ethos in the Business Elite in Gujarat

Before I present the Nehruvian ethos, I will shortly recall the historical origin with the most significant institutions and practices of the Nehruvian socioculture, which informs the ethos. In reconstructed this ethos in 5 interviews.

The Nehruvian socioculture emerged majorly due to the strong intervention of the state. With India's Independence, politicians opted for a strong state and a division of the economy into a public and private sector. While private business was aimed to be limited

through the introduction of licenses for new business endeavors, companies in the public sector were assigned a special role for the economy. Apart from establishing an industrial infrastructure, the public sector bore the responsibility of providing employment. Moreover, the public sector sought to provide essential goods at low prices to cater to the needs of citizens. In the establishment of plants, citizens should not be harmed. The public sector's orientation towards social development is reflected in the preamble of the Constitution of India, Article 39 (b) incorporates the direction towards a common good:

Certain principles of policy to be followed by the State: The State shall, in particular, direct its policy towards securing [...] that the ownership and control of the material resources of the community are so distributed as best to subserve the common good.

The dominant discourse condemned profit making and private gains as antisocial. The organizational structure of public sector companies is part of the bureaucracy and the highest personnel is part of the elite cadre of the IAS, with a socio-economic background different from the business families and a focus on education. Thus, the state intervened in the division of labor and the social structure in fostering other socio-economic backgrounds and castes than before. Politicians started to intervene in the social structure by implementing affirmative action through quotas and reservations. While this brought change mostly in the political sphere, people entered the bureaucracy with an increasingly high social status. Thus, people with a non-business background, with more cultural capital, could rise in social status.

Big business was monitored in its endeavors and commissions set up to investigate monopolies in private business.

Nonetheless, public financial institutions supported businesses favorably to foster the domestic economy. Technical education, started under the British, was extended, which proved to be favorable for new entrants into business by the 1980s. Lastly, the economy was

closed and hardly integrated in the global economic order. In the following, I present the Nehruvian ethos highlighting central institutions and practices.

The Nehruvian ethos in short. Majorly the Nehruvian ethos is present in state run and owned companies, the SPESs. The stronghold of this socioculture is on one side due to the institutionalized persistence created and upheld by the state. PSEs are obliged to cater to the needs of citizens, and they are tightly linked to the bureaucratic organizational structure and therefore also indirectly depended from political decision-making and elections. Among the outcomes, so to speak, had been pressures to be efficient with public money, being transparent as the average customers should be provided with a low price, welfare provisions for employees and neighboring communities have been exceptionally high. Moreover, the stability as employer brings about less a shift towards a working culture to attract and retain employees, as the stability and the benefits appear to be sufficient. The organizational structure bound to bureaucracy is perceived to guarantee professionalization in combination with the managers and employees with their focus on education. Moreover, the clear structure shapes the relations between leaders and employees: with laid down roles determined by rules and patterns.

On the other side, there are the particularities of the socio-economic background of the MDs and CEOs as members of the IAS and their educational career. Traditionally, IAS officers have come from a different socio-economic background than those in the private sector when business meant traditional business families. However, with some new entrants in the business elite from the upper middle class, with parents who had worked as professionals, in the neoliberal socioculture, this distinction has slightly dissolved. Nonetheless, the distinction persists of the central role of education not necessarily as institutionalized cultural capital, but in the embodied form. A further crucial distinction is that IAS officers are usually on secondment in another state, not their home state. Thus, there is

less to no bond with the culture in the state, which is a distinction to the Mahajan socioculture, in which Gujarati is naturalized as being entrepreneurial. There might be more assimilation towards the private sector with an increasing privatization in public sector companies and the recruitment from a management background for the highest positions as it was the case in one company in the sample. Particularly in this example, with a MD with professional management background, who had just joined a PSE company, differences between the sociocultures became visible. The attitude in leaders is in congruence with the rather bureaucratic outlay of PSEs: execution and discipline are in the foreground, the relations between leaders and employees are shaped by the clear hierarchical structure of the bureaucracy. While employees are not neglected, the focus on people is not emphasized as in their other ethoi. Public sector companies still live on the reputation as stable employer.

At this point, I point to the great distinction to the two other sociocultures, as there are fewer traces to be found of entrepreneurial. Neither are leaders entrepreneurial like in the neoliberal socioculture as persistent, nor risk-taking leaders pursuing every business opportunity as in the Mahajan socioculture. However, with an increasing privatization, meaning an increase in shareholders, and potentially employing MDs with backgrounds in management profession, there might be more assimilation towards the two other ethoi. Nonetheless, employees are expected to display more energy and be more aspirational, which is the interpretation of entrepreneurial in this ethos. Moreover, while personal philanthropy is not much of an issue, social motives next to economic ones are part of the goals in public sector companies. Yet, the increasing demands to show good financial performance causes pressure on social motives.

As I had state in chapter 4 on methodology (see p. 59), interviews were - as part of the state -not allowed to be recorded with one exception. Hence, in this subchapter, there are not always interview excerpts, but also excerpts from the protocols.

Education versus business. As I have already mentioned, education plays a significant role in the Nehruvian socioculture as institution as therefore also in the ethos. Nehruvian socioculture prefers intellectual over economic properties. While family or hard work have been major sources for the two other ethoi for business, the Nehruvian ethos centers on the appreciation of embodied and institutionalized cultural capital, understood with Bourdieu's concepts. Accordingly, importance is attached to knowledge and skills, and educational attainments. Not only in the narrations has education been reconstructed as a central feature. A look at the educational degrees of the IAS officers compared with MDs and CEOs of the private sector shows the higher educational degrees - almost all from the UK - supporting the thesis of the high relevance of education in the socioculture. However, here I seek to stress that the background of the particular group interviewed needs to be understood mainly as the privileged group within the socioculture, not representatives for the entire socioculture. Keeping that in mind, I seek to add the information that education had been promoted by the government in post-independent India in the Civil Service as well as through policies promoting secondary educational facilities. Thus, in so far, the focus on education in this group can be taken as part of the Nehruvian socioculture.

Education: providing stability, career with ease. The educational path is mostly predetermined as interviewee no 6 depicts it as a destiny: "a government school, government college and government university". Education enjoys such a central position in people's life that two interviewees had considered joining the world of academia before finally opting for the IAS. For the next generation of the IAS cadre, their children, possessing a degree from a renowned educational institution is highly regarded, yet the career in the IAS is not necessarily focused on. Thus, institutionalized capital is valued in the socio-economic background of the interviewees, which is a close fit with the structure of the socioculture and more specifically the PSEs. Also, for their children, having a high education, especially from

renowned institutions is of importance to them. Interviewee no 6 regards education also as most necessary for people coming from disadvantaged backgrounds. He possesses the personal interest of supporting them receiving adequate education to get a good job. Thus, it is the entry into the job market, not some sort of self-realization that is central in this narration. Before joining the IAS, one needed to have studies first and then pass the exam known to be difficult to join the training in the IAS cadre. The educational path is mostly narrated with a certain ease in life stemming from the concordance between the own background, the educational path and the entrance into the IAS. There were hardly any other options, except for other professions, in which education played a crucial role such as medicine or engineering. In interviewee no 7's narration taking up studies to become a professional is naturalized as if one simply had to be good in studies to opt for a profession that implicitly guarantees a relatively high socio-economic status. Interestingly, the own effort and contribution is downplayed by the interviewees:

Well uh my age, that's about-that's about-about thirty-five years back, perhaps more than that, uh one chose engineering, because it ensured that you have a job after you left, you came out of college. So, boys who were reasonably alright in their studies, when they passed out of high school, either chose medicine or engineering. So, that they had a job, so, frankly that was the reason why I [laughed] started off uh and the rest was the flow as it goes.

After the studies, taking the exam of the Union Public Service Commission (UPSC) to become an IAS officer, is similarly narrated with an effortlessness. Several times taking the exam was portrayed as mere accident. Either friends had taken the exam and the interest was awoken to attempt the difficult test as well, or a mentor in academia had suggested joining the IAS, or for family reasons as the father had been in the service as well. When asked for his reason to join the IAS, interviewee no 7 states:

Uh well uh it's-it's a very interesting question. Uh I had no intentions when I joined engineering to do that, when I finished uh my interest was more in research. So, while I was researching I head off to Delhi and some of my friends were also sitting for the civil service exam, which is one of the toughest in the country. Uh so it is to assist them that uh I've also decided to set the exam rather than take it for myself. Just happened to sail through. So, it is to help my friends that I come in, because they felt I would do nuisance otherwise if I don't sit [laughs] with them. Incidentally uh it was two or three of them, two of them didn't make it, doing better things [laughs].

The strong concordance with the sociocultural valuation of education and the entry into the IAS lead to another crucial division line: CEOs and MDs in the Mahajan socioculture feel a distinction to the business community as they are part of the personal and intellectual career driven realm.

Not part of business community, but member of the IAS tribe. There is hardly any identification with the business community, yet an even stronger one with being a member of the “generalist tribe” of the IAS cadre, as interviewee no 7 refers to it. There is a high satisfaction stated in working in the public sector. Working as IAS officers means being in the service of the country, yet not considered in a nationalist way in connection to India as country opposed to other countries. Yet, there is a satisfaction as congruence with the values of the public sector. There is even an explicit satisfaction with not being part of the business community, which can be understood with Bourdieu’s concept of *amor fati* referring to the love of fate, being content with what someone has.

Exposure in various fields, yet not business specific. Apart from the contentment about the values and goals of the PSEs, the exposure into various departments and industrial sectors is depicted as satisfactory. The continuous change in jobs and sectors is one of the core features for the interviewees. The wide exposure across various fields serves as

legitimation for the high position in the company, which can be regarded as *symbolic capital* for the high position within the IAS. The neoliberal ethos stresses exposure in various departments, which is somehow similar, yet within the same, own company, serving as legitimation for the high position in a family owned company.

When asked to tell about his life story, interviewee no 12 states that “It’s unique- the bureaucracy is kind of multidimensional” and “the rate of experience is at magnitude”. There is no single word about business or management. The broad experience is sufficient, particularly as it grants insight into ground realities, as interviewee no 12 argues. Remarkably, in contrast to the other sociocultures, there is among the variety of experiences, majorly a field that is special to the interviewee, one that he has a “passion” for, as interviewee no 6 calls it.

Organizational structure guarantees professionalization. There was no narrative about a professionalization like in the Mahajan socioculture particularly. In PSEs, there had been a strong structural layout, which was hardly mentioned, discussed, or argued about. Implicitly, managing the companies depends on the bureaucracy. The particular about the public sector is that the bureaucracy has its say in decision making. Therefore, decision making involved everybody, which is not directed towards employees in the participatory working culture in the neoliberal socioculture, who need to share the strategy. Here, a leader needs to direct his effort towards bureaucracy to have “everybody along with you”, interviewee no 6 states. While most join this view, one interviewee appears to highlight his outstanding personal achievement and simultaneously praising politics that there is hardly any interference from the government. However, he also implicitly admits that the accountability is towards the government, which sets the public sector obviously apart from the private sector. Interviewee no 12 states that policy making is done by “top management headed by the Managing Director”. Even though it is a Government of Gujarat company, it is

different than from other states. He is only accountable to the Board of Directors, which he says of course is determined by the Government.

Remarkably, one company possessed a high percentage of Foreign Institutional Investors of almost 20 percent. There, similar topics were discussed as in the private sector companies, particularly in the neoliberal socioculture. The organizational structure is given in its functional differentiation, explicitly named as “strategic business units”. Moreover, other features indicating professionalization of the company are listed such as the independent directors in the board, systems for a sound financialization and informational flows, thus running on numbers, risk mitigation systems, or teamwork. Interviewee no 7 explicitly states the difficulty of having shareholders. In general, shareholders rarely had been mentioned and if then the influence of shareholders had been presented as small, yet not in the public sector company:

Uhm and uhm each of my individual strategic business unit chiefs have uh lot of autonomy uh to do uh but driven by uh by the demands of the market. So, marketing materials and production people as we use, they work very closely with each other, to ensure they're able to put into the market what is needed and uh. And at the end of the day, [cannot understand] driving the thing. It's a listed company, so we have uh strong responsibilities towards uh all the shareholders and considering the fact uh that about eighteen percent of our shares are owned by foreign institution investors and twenty-four percent by domestic institutional investors, you can imagine the amount of pressure that I think is [cannot understand] unlike an ideal investor, these investors are very demanding-very demanding, so.

Thus, the impact of the integration into the global economic order might be felt in PSEs when there had been a higher amount of privatization. As there was just one company out of five in

the sample with such a high percentage of Foreign Institutional Investor (FII) and a low promoter's shareholding, I cannot draw a firm conclusion.

Social balance sheet opposed to profit making. A major difference to the other sociocultures is the stronghold of business catering to the needs of citizens. PSEs need to be socially and economically successful to contribute to the development of society. Thus, among the feature PSEs were intended to provide basic goods and services at a low price, or developing infrastructure in neglected, rural environments (Khanna, 2012a). These core features have persisted in present times. Thus, there is a customer centricity, which sounds similar to the other sociocultures, yet with a slight difference to some extent. Focusing on customers is not mainly born out of the need to stay in competition. The layout and political pressure demand the customer centricity of PSEs. I will address customer-centricity specifically in the next section.

It is not about generating profit through business that is central to companies. PSEs are understood as a driver in increasing production and productivity and direct as well as indirect employment. Business itself is understood as a contribution to the development of infrastructure in rural surroundings. Interviewee no 15 highlights that the company “caters to more than five hundred fifty villages”, in an environment where a majority of particularly underprivileged people lives: Scheduled Tribes and Castes. PSEs develop infrastructure by providing one of the most basic and important commodities in people's lives, to their homes. This is understood as contribution to the development of most underprivileged surroundings, which is a highly different attitude than the private sector companies had stated except for interviewee no 4, who had perceived offering household products at cheaper prices also as contribution to the improvement for low income people. Yet, while there had been this narrative, the company of no 4 had little to none general direction towards a contribution to

welfare of underprivileged. After the narration on the shareholder pressure, interviewee no 7 highlights the main feature of the company:

For us, farmer is ultimate stakeholder, we exist for him. And uh people go to the fields, visit the field, understand the needs, sort of see how we can sort of be of use to him. As we ultimately believe that we were brought into a point of time when the company was set up uh India was going through a huge scarcity of food and was set up to provide fertilizer to the farmer to increase his productivity. Over a period of time, we have made many things for the farmer. We have made many things for others also. Farmers still remains our priority focus. And we still feel that that focus uh well this thing remains within our focus, is very important for us. I mean relevant, so that's our relevance.

The history of the setup of PSEs has persisted as the values are opposed to the neoliberal culture, which the neglect of values and social motives is most prevalent. Interviewee no 12 argues that “as I initially told you, maintaining the balance even in cut-throat competition by not sticking to only capitalistic values, but having always social objectives in mind.” As the government controls the prices and caters ultimately to farmers, it is not mainly driven by financial motives, but by social causes. Interviewee no 12 coins the term: “not purely balance sheet driven, financial balance sheet, but more of a “social balance sheet”.

Increasing pressure on financial performance. However, as PSEs need to show a good financial performance due to being increasingly privatized succumbing to pressure from shareholders as well as being exposed to criticism as part of the public sector not to waste public money, slight changes bring alterations to the welfare goal. Particularly, the idea of growth and expansion bring alterations to this practice.

Interviewee no 15 argues that because of the financial pressure on the company, only the surplus of the company should be used for social service in the villages when the profit

margin is too low due to the particulars of the PSE's commodity. Then, "cross-subsidiary financing" comes into play also catering to industrial customers. This new practice changes from directly providing infrastructure and low prices to farmers, and normal citizen to "indirect servicing society", interviewee no 15 argues.

CSR as continuity of welfare posture. CSR activities are not presented as a new concept, yet implicitly perceived as continuity of the established care taking PSEs had traditionally been doing. Thus, CSR is used as term for the same activities. Interviewee no 7 states:

We believe that we had a lot to give to the community around, which gave the land so that the factory could come up. Uh they were all shareholders. Over the period of time, they sold the shares and became wealthy. Uh but they're very active participants in our annual meetings. We had a very strong CSR for them here uh because uhm especially in sanitation and water is what we focus. To take care of the community, we are very careful about our environmental standards.

CSR is presented without a friction as intrinsic to the public sector companies. As the welfare posture is at the core of PSEs, a lack of CSR activities in other companies would eliminate certain joint-ventures. CSR however entails elements of more personal philanthropy of adopting villages with the attitude to support the development of the society, mostly the local environment. Thus, CSR entails the same concepts the PSEs had traditionally done. This is perceived as differentiation to MNCs, interviewee no 6 states: "If we do well, the area should do well, too. The multinationals don't do that". Interviewees had narrated about the interaction with the communities, emphasizing that their activities focused on the participation of the communities. CSR is rather ingrained as leaders have narrated about them in depth, whereas neither the Mahajan nor the neoliberal socioculture entail this emphasis in narrations on the details of the activities. They bear a similar weight to

philanthropic activities in the Mahajan socioculture, in contrast to the neoliberal socioculture hardly mentioning any such activity.

Welfare inclusion of communities. When PSEs were founded, politics had sought to compensate the surrounding communities when they had to give up land for the establishment of plants. Even though, the communities had lost their influence in comparison to the early days, there nonetheless still exert some power. Hence, taking care of the surrounding communities is distinctive for PSEs. Having focused in their contributions to welfare and social activities mostly on the surrounding communities, with activities that entail also more personal philanthropy, there is a shift towards more reputational contributions with the upcoming law-making CSR mandatory. While all interviewees had pointed to the tradition of welfare and social activities implicitly, it had been made explicit by one interviewee with a high proportion of external shareholders.

In the following interview excerpt of interviewee no 7, the aspect of taking care of entire communities particularly regarding the industry the company is in. The green areas around the plants serve as example for the PSE not harming the surrounding communities:

Because uh this was a good fertile land when the factory came up. We believe that we had a lot to give to the community around, which gave the land so that the factory could come up. Uh they were all shareholders. Over the period of time, they sold the shares and became wealthy. Uh but they're very active participants in our annual meetings. We had a very strong CSR for them here uh because uhm especially in sanitation and water is what we focus. To take care of the community, we are very careful about our environmental standards. And uh for that, if you have some time, I'll send somebody to take you-the most corrosive plant that I have here has one of the best gardens right beside it. Just to prove the point that though we are known as-the chemical plants are known as corrosive, bad and so and so forth-just to prove the point

that that is not so. And you see environmental standards written out in the book, nobody's going to read it. If I told you look my emission is zero, this is like [cannot understand] say ok this guy maybe saying-telling the truth or maybe not be telling, but how to prove it? So, we have gardens all over. And uh myself live right here, right beside the ammonia plant. So that's uh it's a beautiful place, has lovely gardens as everywhere else, so [laughs] that's uh a pleasure to live. But uh we try to s-send this message to the community that their lives or their fields will not be disrupted by existence of a large manufacturing company and uh. Then to the near environment we do contribute, we support a very large mid-day meal scheme. Uh through another voluntary agency. And now we feel we should also contribute towards higher education, might be setting up a university or planning that to do. And any venture which the city needs or something we needs to be done, we do feel to come forward. So, Government of India recently has come with the norm of uh two percent of spending of profits. We always exceed five to six percent. And that's also not conscious number. Sometimes, it even goes higher. Idea is that we should be supporting the communities around, near community and the larger community, wherever we are. Not only here, but at other places also where we are located.

Remarkably again, established social activities are reframed as the present concept of CSR, which I had addressed in the previous section. While the collaboration partner, the NGO, is part of a typical CSR activity, which is used in the other sociocultures as well, addressing the direct community is part of the legacy of PSEs.

A different kind of customer centricity. Due to the outlay of PSEs as they seek to cater to citizens in providing basic infrastructure and setting low prices, there has been to some extent a tradition in customer centricity. However, there have been alterations as well. Even though, there are no global customers in the Nehruvian socioculture as they deal mainly

with citizens, thus domestic customers, there had been shifts in to a different kind of customer centricity as well. Yet, with increasing privatization, there might be more global interaction as one interviewee had already suggested. Nonetheless, PSEs center on catering to citizens with basic infrastructural services to guarantee a provision of nation building activities in rural settings to support the development of the rural and agricultural economy. Thus, the customer is the primary beneficent of the PSEs. Interviewee no 7 claims: “We continuously talk about our commitment people, our stakeholders, commitment to farmers, what we are continuously and commitment to the team that we lead.”

Yet, a change came with more informed customers also via the internet, where citizen could compare prices easily. The practice had not always been as favorable as the goal sounded like for customers. PSEs had not always offered the cheapest prices. Moreover, there is more competition also from the private sector and when PSEs had to fulfill their function demanded by the government, they needed to offer better prices to customers. Not only did competition in the market increase pressure on the companies, yet more so the pressure on the companies as part of the public sector. Connected to offering low prices to customers, government was expected by citizens to provide a more transparent environment.

Transparency: different critique on the public sector. Transparency is a key word in the Nehruvian socioculture as well. Yet, the notion is different than transparency as part of business ethics in the other sociocultures. Transparency in the latter had been referred mainly to supply chains and tax evasion. Potentially as PSEs are part of the public sector and therefore state, there is no narration on tax evasion. Mostly, fraud or corruption had not been mentioned by private sector companies. While corruption is not emphasized or discussed in the Nehruvian ethos, fraud is interestingly an issue. Fraud is referred to cheating the customer. As the customer is the citizen and the citizen might criticize politics, there has been pressure on PSEs to be transparent in their prices and transparent in how money is used.

Efficiency is a major issue in this ethos, and of no significance in the other ethoi.

Transparency is demanded in terms of offering goods and services at low prices, which the customer can have an insight to. The money the company deals with is understood as public money, which needs to be used efficiently. Interviewee no 16 highlights the particulars of finances in a PSE: one needed to make sure that “public money goes to right manner”.

Interviewee no 6 summarizes what transparency means in a public sector company, a moral issue, similar to the Mahajan ethos, yet with the difference that efficiency and competition are major demands on PSEs: “Ethical means that business should be very transparent, efficient, competitive way, fair, strong systems for transparency”.

Transparency in competitive markets. There is a conflict between the pressure to comply with the dictate of catering to the customer and being in the competition in the economic market, in which a company would not seek to be transparent in their prices particularly because of the competition as competitors might use this information. While in private sector companies, interviewee no 6 states “you don’t disclose your prices to competitors”, in PSEs prices were now “known to everyone”. Transparency guaranteed in the competitive markets an advantage to be able to attract customers.

Technology catering to transparency. Connected to transparency is the belief in technology, more than in systems as that is the case in the two other sociocultures. The Nehruvian socioculture looks back on a strict organizational structure since its founding. The systematization that are needed and demanded in the other sociocultures have been inscribed in the Nehruvian ethos particularly due to the connected standardized hierarchical structure in the bureaucracy. When technology is used in connection with transparency, mostly it refers to the internet and computer-based systematization providing transparent oversights and insights into prices for customers. Interviewee no 16 states that “you go for methodology to lose that gap”, meaning that you need technology to stay competitive.

Technology, however, in the other sociocultures had already been used for some time. Most industries in the private sector would either contribute with their manufacturing to technology or had already used state-of-the-art for a while. In one PSEs that had restructured and ventured into global business, using technology from the Global North had been proven crucial, signifying professionalization. Interviewee no 17 narrates:

Uh but while our business here to deliver things that we wish to deliver uh one looks at a global picture always and not the local picture. That's a key and it started from the day one. Our technologies were licensed by Japanese, uh subsequently we uh we went to Americans to get another technology, we went to English to get another technology, with Germany-gave us few licenses to set up caprolactam and then nylon, our industrial products largely were licensed by Germans and Swiss. So, at least my production licenses themselves have come from at least ten countries. I source my material-raw material from uh four to five countries uh and again we export some of their things. So, in a sense uh we are-we fell we have completely well been into global uh business systems.

Thus, technology, as in computers and internet, serves not only the purpose of establishing more transparency in the companies, but is also used as symbolic capital, yet rather rarely so far.

Employees. First, employees in the Nehruvian socioculture should be energetic as well. However, possessing and displaying the energy slight differs from the other sociocultures. Energy bears to the notion of being determined and possessing aspirations. Simply executing their tasks is not enough. This brings us to the main characteristics in employees.

Disciplined, skilled and determined: employees in the Nehruvian ethos. Mainly, employees need to fulfill the skill related requirements and should be disciplined and execute

their tasks. There is less demand for having soft skills. Interviewee no 12 argues: The “core competence for a job is seventy percent the fulfillment criteria”. The “rest thirty percent are obedience, capacity to work as a team-member, capacity to take independent decisions in unforeseen situations, innovation”. While the latter characteristic is like the neoliberal ethos yet might be negligible as no other interviewee had named it. However, interestingly these aforementioned characteristics are not sufficient as employees should further be aspirational and dedicated: they need to display energy. While their performance was not state to be linked with financial performance, the energetic characteristic was opposed to simply executing. In addition, there is a similar notion as employees should be motivated to step up the career ladder. In opposite to the other ethoi, particularly to the neoliberal ethos, employees are not expected to grow and take up responsibilities in new fields. In public sector companies, there is hardly any innovation demanded as there is no growth as an organization venturing into new fields, exploring business activities. However, surely according to the plan, employees are expected to reach the next level in the bureaucratically organized company. This career demands in present times also more energy display than in previous times, which becomes clear throughout the narrations. Yet, the innovative attitude is in general lacking, apart from the interview sequence I had just introduced. Employees work according to their tasks, execute them and they will get promoted. In the other ethoi, particularly the neoliberal ethos, employees needed to show more self-initiative, contribute with their ideas and so on. Moreover, there is no narrative about linking that to financial performance or in general having a system and processes to monitor employees.

As the interview sequence already mentioned, mainly in upper level employees, team work and taking over responsibility are demanded. Team work accounts mostly to the upper levels, whereas the lower levels need to primarily execute given tasks. Team work has a greater priority in the Nehruvian ethos as the organizational structure demanded traditionally

a working style, oriented towards the execution of what has been told, not working in teams and collaborating. This has not changed completely, yet accounts to the upper level. I will contextualize the focus on team work in the Nehruvian ethos in the section on the working culture and decision-making.

Loyal employees. Employees should be loyal to the company. Moreover, employees needed to be honest. Honesty in the Nehruvian ethos refers mainly to the honesty of the company to the stakeholder: the citizen, the farmer, the non-industrial customer, yet one employee who had shared many aspects at the explicit level with both the neoliberal as well as the Mahajan ethos had named honesty and not diverging from the company, not harming the company.

However, there are two types in PSEs. The loyalty has, in opposite to the other sociocultures, not been majorly compromised. Employees have perceived the public sector as an employer providing stability and more favorable working conditions than the private sector. Yet, a change has been visible. The attrition rate is higher than it used to be. The public sector had started to lose some of its attractiveness as employer. However, in general, interviewees had emphasized little on loyalty. It simply existed.

Entrepreneurial attitudes increasing with shareholders. Just once, the same entrepreneurial characteristics were named as in the other ethoi, mostly the neoliberal, where self-starters, who aim to bring in motivation by themselves, solve task alone even at the risk of failing. This was the case in the company with little own percentage in shareholding. It might of course be due to the leader that was more familiar with such concepts and potentially opted for this position by the government to be able to take care of the needs of shareholders and the particularities of a higher integration into the market. The other interviewee who had shared this attitude, was not an IAS officer. Thus, potentially with higher privatization of the companies and more professional managers as MDs the Nehruvian

ethos might further lose its stronghold. Let us come back to employee characteristics. For this type, interviewee no 7 exemplifies:

So, in an organization if you have developed a right kind of a value system, where people come through, if organization realizes that you're not committed to the customers, well you can't-your values-if you're going to cheat them, your employees are going to be cheaters of [cannot understand], better cheaters than you can ever-so [laughs] and again the rest of the stakeholders-if you caring about your uh promoters or shareholders well, how you do you expect your employees to-so, that strength-sense of honesty towards your stakeholders-if that is a part of your value system, the persons will be coming and, whom you were entrusting the leadership qual-positions. Perhaps will be easier to make a leader, otherwise it becomes that much more difficult. Because uhm then you will have to look at a person having a value system, which is not in the organization, but having his own value system, which you like to pick up and then try to run and then you know is-they're not actually parallel, not exactly congruous. So, in-incongruity always exists. But if a person [cannot understand] in the values, it's there in the value system, it's very easy to pick up a person and place him.

Another interviewee from a PSE with a high external shareholder percentage brings similar attitudes in employees, which are more similar to the neoliberal ethos. Employees need to be flexible and willing to learn. Like the neoliberal ethos, he seeks for employees with a “mindset towards improving to learn”. The company shapes the employee in the direction of his or her strengths. However, other entrepreneurial attitudes such as innovative, self-initiative are lacking. Opposed to other interviewees in the public sector, this interviewee, no 15, emphasized the incorporation of values in everyone, which had been

stressed under concepts of strategy sharing, or vision sharing the private sector. However, in general employees need to bear in mind that the customer satisfaction is the ultimate goal. No matter whether rather entrepreneurial attitudes were demanded or the more traditional discipline and skills in employees, the incentives for employees are similarly distinctive in the Nehruvian ethos.

Rewards for employees. In contrast to the two other sociocultures, there is hardly any narrative about attracting and retaining employees. The jobs in the public sector appear most attractive as they promise stability to employees. Employees are taken care of like the more personal welfare in the Mahajan socioculture. Interviewee no 12 lists rather basic welfare support guaranteeing a basic protection in health issues, food, but also financial rewards and stable promotion paths: The company “provides a uniform, shoes, a regular bonus, leave encashment, very consistent promotion, scheme of special rewards for innovation, free food facility in difficult locations, hundred percent medical reimbursement, exceptional ex gratia in case of a family member’s death.” Moreover, providing clean premises possesses on one side a symbolic value, *symbolic capital*, showcasing the non-toxic output of companies in potentially harming industries. This is a distinction to the other ethoi, which hardly took care of the potential pollution of their industry. Yet, there had been narrations about implementing CSR activities with the enactment of the CSR law in exactly these areas. On the other side, as employees and permanent workers mostly live on the premises of the plants.

The focus on taking care of employees is also connected to the fact that most employees live on the premises of PSEs. Here, the company is expected to take care of several issues in the familial or private sphere of employees that are highly similar to more personal approaches from the Mahajan socioculture. This kind of benefits and perks are not the only things provided for employees in the public sector.

Stability in Nehruvian ethos. The public sector provides stability and a feeling of safety in people. There has been a tradition in training employees in the bureaucratic system, which is rather extensive. This has further contributed to make long term plans. People had the expectancy to stay with a PSE for the rest of their lives. While there are parallels to the other two sociocultures as there is a focus on training employees in-house. While there was no explicit mentioning of HR programs and the focus on employees and people, there are implicit references to the training of employees. In the bureaucratic structure of the public sector, employees are expected to remain for their entire career. Within that framework, employees receive their job training. Interviewee no 6 states stresses the stability: it was “that kind of culture”, where “everybody should feel sure”. He said that the “training, grooming” of employees made them good employees. They reached their education after twenty years”.

However, interviewee no 15, with a professional management background, perceives stability as sole reason for attractiveness of PSEs as outdated. Employees possessed higher aspirations and demanded more responsibilities as they “want a first ride”. Because of the “exposure to luxuries that have become a necessity” today, they want to “progress their careers fast and reach the top faster”.

Leaders. Leaders are neither in the forefront, nor in the background of the company. Yet, it is less about the personality of the leader than the company being part of the state. In the Mahajan ethos, the leaders would stand out a bit as head or at least influential part of the family, while in the neoliberal ethos, leaders would perceive themselves as entrepreneurial personality.

Execute given tasks: the leader. First of all, leaders are part of the bureaucracy. Whereas in the Mahajan socioculture, leaders were part of the family, or entrepreneurs, in the Nehruvian socioculture there is hardly any consensus on what constitutes a leader. However, what they share is the notion of a leader less as matter of possessing and sharing the vision

and creating a culture. The notion of a leader is more in executing, presented in a quite sober and rational manner of executing various tasks. A leader is given a task, which in this case, is managing a PSE and he needs to accept this task and execute within the framework of the IAS. An IAS officer receives a task and has to solve it. That brings challenge and a need for accepting new tasks since officers hardly can influence upcoming jobs. Here, leaders consider themselves simple, being humble. Interviewee no 6 argues that he “needed only the minimum” and was “different from the industry peers”.

Leader: financial efficiency prioritized. Moreover, the leader needs to take care that there are transparent systems, the company takes care of its finances, aka it needs to fulfill the efficiency criteria, stand the competition in the market. Among the key responsibilities of a leader is making sure to maintain the financial efficiency of the company. Not wasting money is stressed in the ethos as PSEs had been widely criticized for being inefficient. The pressure from civil society had not exercised on private sector, not because the private sector companies are more efficient, but because they do not deal with public money. Interviewee no 16 stresses: “public money goes to right manner”.

Interviewee no 12 illustrates the attitude of executing tasks. He states that “in life that in any major assignment one has to conceptualize details very carefully, taking into account the needs and the framework, in which any task is carried out. The “second step” is planning: “By planning I mean manpower and resources”. The “third step”, which he has “always followed” was organization. “By organization” he meant the “allocation of responsibilities, division of task, fixing time limits, setting up your targets and then implementation”.

No focus on employees or working culture. While occasionally, leaders would name trust building, or being a role model, the execution of tasks was stressed. What sets this ethos apart from the other two, was the lack of focus on employees, or talent, which is congruent

with the other findings of the public sector not necessarily depending on offering attractive environments to employees to join.

Leaders and employees: structure provides relations. The clearly laid out structure defines the relations between leaders and employees. There is hardly any space left for negotiations on freedom and concomitant monitoring. Thus, checks-and-balances were hardly mentioned except for one leader, who bragged about his reputation to be feared. Interviewee no 12 argues that “you need to do monitoring”, supervising simultaneously with the implementation. People should feel like “big brother is watching you”. “Despite of your management jargon” he says, “a little bit of fear is necessary”. “Not in a crude sense”, but there should be “an underlying feel of nagging” in the “people below you”.

Workers. Interestingly, this is the only socioculture, in which workers are mentioned, yet also in more detail by only one interviewee. The private sector companies had exclusively talked about employees, leaving the situation, conditions and expectations of workers a blank space. Workers are precisely those who are employed in the informal sector of the industry. This is even more astonishing as most of the workforce in the country is employed in precarious conditions. Even more remarkable is that the majority of operations has been carried out by the informal sector in the engineering sector for example. At this point, I would like to stress the section in the background chapter again on the tradition of the surplus of the workforce in India. While a surplus of workers might be an inherent feature of capitalism (Marx, 1887, p. 444), the extremely cheap workforce is one of India’s assets in the global economy, in which the country possesses little other resources to participate in the game.

The absence of narratives on workers in the private sector, but also in the public sector, speaks volumes. When hearing only about rewards and special training programs for employees, one might have a completely distorted image of the reality of the majority of workers. However, big business is at the same time rather accountable for people working in

its industries, rather than bearing a responsibility for the bulk of workforce employed in agriculture. Yet, this would be an issue for a larger debate and should not be pursued at this point.

Nonetheless, while there is a huge focus on employees in the mid-level or high positions in the private sector due to their lack of sufficient personnel, there has traditionally been a surplus of simple workers in the country. The public sector, on the contrary, was established after India's Independence with the responsibility of creating employment. Moreover, in cases of lay-offs, employees were provided with relatively good severance packages. With economic liberalization and increasing privatization, the share of contract labor has increased even in the public sector. Thus, in the Nehruvian socioculture the integration into the global economic order has led to shift towards more contract labor.

In the Nehruvian socioculture, the working conditions might not be overly better. The public sector also hires contractual workers without any security. Apparently, PSEs need to take care of the commitment of their workers as well. Not necessarily of their permanent employees and workers, yet the contractual workers that had become part of early outsourcing. Raising the salaries of workers had increased the commitment and loyalty of the workers. Interviewee no 6 narrates about his initiative to raise wages of outsourced workers substantially, which resulted additionally in a feeling of belongingness. Thus, while PSEs have to invest less in retaining their permanent employees, there needs to be effort to attract and retain non-contractual workers. Only interviewee no 6 appears to be a greater appreciation of people's work: "These people working always". However, few interviewees had casually mentioned the shop floor workers demanding the same sort of training on soft skills, yet without further emphasis.

Trade unions. Whereas the Mahajan and to some extent also the neoliberal socioculture have stressed the "peaceful" atmosphere in labor relations in the state, which

hints to the fact that there are no voices raised against poor working conditions such as from trade unions side, in the Nehruvian socioculture, there is at least to some extent some veto power present in form of trade unions. When companies have a high number of external shareholders, this special feature of PSEs is addressed to convince about their little effect on management performance in the company. Interviewee no 7 assures that there is no interference on management, stressing that employees stay with the company. Again, this issue was explicitly raised only by him, with a company with little own shareholding:

Uh yes we have a strong union. Uh most of the shop-floor related factories have unions, but we have had very-extremely cordial relations...extremely cordial relations. And almost everything that's been done is discussed with them. And we don't see this as something that hampers management style of working. We certainly don't believe in-indiscriminate firing of people from the [cannot understand], we try to redeploy people. So that uh the person feels that he's sort of in the organization is his-so because of that very few people quit my organization. Our attrition rate is really low.

However, most of the time, the peaceful or non-peaceful conditions have not been addressed. While the issue of interference in capitalist activities appear of higher interest in the private sector, the public sector mainly remains untouched.

Hence, not one large-scale transformation has reworked division of labor and social structure so radical that it brought about real change to the surplus of workers. The lowest part in the division of labor and the social structure has majorly remained the same for centuries.

However, there might be changes to

Working culture. The working culture and organizational structure are distinctive to the private sector, which has specific implications. While there is little showcasing of the professional structure, or highlighting the working culture like in the other two ethoi, the dependency from government is argued about.

Government interference. Most other leaders had argued they had little power in making a difference, but more or less had to execute their job according the government's wishes. Two leaders aimed to make clear that they possessed some power towards the government. There is a contouring the power of position against the traditional assumption of him not possessing too much influence as part of the IAS. Interviewee no 12 argues: "very important is that the Government's interference is nil." Despite the fact that PSEs are part of the state, there was sufficient power by the MD himself.

Less central: working culture and organizational structure. In the Nehruvian socioculture, there is less focus on creating a particular culture to attract and retain employees. In both other ethoi, yet mostly in the neoliberal ethos, working culture is the key word comprising several functions such as attracting employees, or sharing the company's goals with everyone in the organization. The Nehruvian ethos demands less on that as the PSEs have remained so far an attractive employer and the clearly defined organizational structure interlinked with the administration of the state paves the way for how communication is practiced. Hence, culture is not needed to spread the strategy and ideas of the leadership level to even the lowest employees as particularly the neoliberal socioculture had envisioned that. Furthermore, there is no stress on showcasing a professional functional differentiation in the company, apart from the interviewee that had recently joined the PSEs and possesses a professional management background. Not only does the MD have a different background, in addition the PSE has a relatively high part of foreign and external shareholders, which the interviewee no 15 also explicitly addresses:

It's a listed company, so we have strong responsibilities towards all the shareholders and considering the fact that about eighteen percent of our shares are owned by foreign institution investors and twenty-four percent by domestic institutional

investors, you can imagine the amount of pressure [...] these investors are very demanding.

The major issue in the working culture of the Nehruvian ethos was that decision making involved a greater number of people.

More decision-making in teams. Decision-making is one of the key terms in this ethos. There is an emphasis on reaching decisions within a team, yet less than a participatory working culture that some more entrepreneurial companies in the neoliberal socioculture demand. In the other two sociocultures, the focus lies on sharing the strategy so that employees would communicate in a coherent manner with customers. However, in the Mahajan ethos, team working capabilities are central characteristic in employees as well. In both ethoi, decision making is directed towards a formerly strict hierarchical order. It is called ownership in decision making in the Nehruvian ethos, lacking the notion of a participatory working culture, which the neoliberal socioculture to some extent pursues.

In this subchapter, I present the findings on the neoliberal ethos informed by the youngest socioculture, which emerged with the opening of the economy in 1991.

The Neoliberal Ethos in Gujarat's Business Elite

First, I recall similarly to the other ethoi the most central institutions and practices that occurred with the origin of the socioculture. The latest transformation occurred with the opening of India's economic market in 1991. The Indian government would abolish industrial licensing, remove import quotas, lower import tariffs to curb international trade, devalue the currency, break public sector monopolies and ease various restrictions on external financial transactions. These policies enabled new entrants in business in combination with new industrial sectors. Thus, the social base of the business class would expand as new entrants apart from the typical merchant castes would enter business. The status of the public sector and concomitantly its employees and the rank of education were lowered. As the public

sector was not solely responsible for several industries, there had been vacuums for industries that new entrants would fill. Moreover, the economy was slowly integrated into the global economic order, yet still relatively protected from foreign investors. While the integration into the global economy brought an opening of the stock markets, the stronghold of the ownership and control over business remained in the hands of the business families. Thus, the stock market, even though its role has grown, has not played an overly influential part. With the integration into the global economic order, industries would prosper that were needed in the global economy such as the service sector, in which India could provide cheap labor, or niche industries, in which companies would have to find a spot in the global economy, mostly in manufacturing, that was not taken.

The neoliberal ethos in short. The ethos was mainly reconstructed in nine interviews. It is informed by the socioculture that emerged from the opening of the economy to the global economy. Yet, in congruency with the method, there were sequences in other cases as well that were either highly similar or could be reconstructed as this ethos. I will shortly sketch out central issues of the neoliberal ethos to bring across some broad ideas before going into the details. However, only the dimensions in their relation to each other take into account the complexity of the ethos particularly in the conflict between explicit and implicit levels (see p. 54).

In short, the neoliberal ethos might be the most entrepreneurial ethos. The notions in employees are self-initiative, flexible, taking more responsibilities, and daring to take risks. Moreover, a huge difference to the other ethoi is that employees need to be eager to grow, taking up responsibilities in new areas, as the demands of companies are constantly changing. Yet, employees further need to be hard working and dedicated. Team work has already been established as core qualification in the neoliberal ethos due to the divisional structure of companies.

The notion of entrepreneurial in leaders is connected to the founding narrative of the companies, rather as hard working and perseverant. The perseverance is part of the adaptability to work around adverse conditions, particularly in finding an industry to operate in a market already dominated by global as well as established family businesses with more overall resources. There is more distinction to the local entrepreneur, which is explicitly and implicitly perceived as outdated. Entrepreneurial is not naturalized as Gujarati. Sometimes Indians in the global context are particularly entrepreneurial in the sense of the adaptability to scarce conditions. Thus, the explicit ethic of possessing this entrepreneurial trait is the acceptance and even love of scarce conditions. Moreover, there is a belief in the divisional or functional differentiation of the organizational structure that is necessary for financial performance.

There is a huge focus on employees in the neoliberal ethos connected to a working culture that is intended to attract and retain them. The centrality of the working culture takes up the role of the leader in the Mahajan ethos insofar as the values of the entire company opposed to the reputation of the leader as head of the family. This goes hand in hand with a systematization of the company, making the relations slightly less personal as performance and adherence to the system can be tracked numerically. However, as people are expected to bring in ideas in participatory working cultures to contribute to the company's growth and expansion, it is argued that systems would be hampering. Yet, systems should also restrict again the broader freedom employees enjoy due to their innovative participation. The personal approachability of leaders is emphasized in the ethos, which is perceived as strength to employees, while concomitantly being aware of the lack of professionalism.

The company and its systems are more in the foreground as opposed to the leader being central to business.

However, as people are mistrusted, while not as strongly as in the Mahajan ethos, there is systematized monitoring. As one cannot completely monitor employees, people are expected to be trustworthy and honest. Yet, this is not directed against corruption. Not harming the own business is the ultimate goal. Other values and ethics also play a smaller role than in the Mahajan ethos, in which philanthropy continues to have a high standing.

With the conflict between flexibility and systematization, trust is a concept that should balance out the lack of systems. The implementation of systems is perceived as professionalism, while family business is the opposite. While family does not play a role anymore for reputational capital of the companies, or their identity, family ownership maintains control against shareholders.

The narrative of the first-generation companies. As I have established, I claim that the notion of an entrepreneurial capitalist spirit is only half the truth as there are various notions of entrepreneurial. Nonetheless, this neoliberal ethos might be most affected by the narrative of entrepreneurialism. Yet, what constitutes the neoliberal ethos are further characteristics or dimensions that intersect such as system-orientation, loyalty to the company, functional differentiation, checks-and-balances, paternalism, or hard work and perseverance.

Entrepreneurialism in first-generation companies. Most of the companies in the neoliberal socioculture have been founded in the last 30 years and grown to companies with the highest revenues headquartered in Gujarat. This narrative has persisted even in the next generation or the top management. While some identify explicitly by being an entrepreneurial company, demanding specific characteristics in their employees, other companies stress on the hard work and dedication that are believed to have been decisive for their success. The narrative of the recently founded business can be somehow compared with the family as central identification for the Mahajan ethos, and the IAS membership in the Nehruvian ethos.

There is either an explicit or an implicit identification of a *first-generation-company* with varying implication for leaders or employees.

In general, the construction of identity expands even to the next generation. Thus, the identity as such is transferred to other people apart from the first-generation, which founded the company. Yet, the more recent, the more focus there is on the entrepreneurial attitudes in people such as being innovative and energetic and the more focus there is on a participatory working culture, in which employees are expected to contribute their ideas. The Mahajan ethos had primarily centered on the family and the Nehruvian ethos emphasized education and the membership to the IAS.

I would like to introduce an interview excerpt that explicitly names the *entrepreneurial spirit*. I have chosen this sequence as it hints further to the expectations towards an entrepreneurial spirit in employees, while concomitantly entailing the expectation of the leader to restrict the same. Hence, the following sequence picks up familiar notions of entrepreneurial attitudes in employees from other studies such as energetic, self-initiative, taking up responsibilities, and risk-taking. Yet, this sequence entails further the risk framework and Corporate Governance, for which the leader, on the other side, bears the responsibility. Thus, the entrepreneurial attitude requires a limitation by the leader, particularly as it implies some amount of freedom to take initiative, which is associated with potential risks. While this issue is of importance, I would like to exclude a discussion at this point. Both will be addressed later in the chapter. Interviewee no 14 of one of the big business groups in Gujarat argues:

The whole company's a first-generation company. And therefore, there is a very strong entrepreneurial spirit in the company. Now what does entrepreneurial spirit within the company means? People have to have energy, people should display initiative, people should take up responsibilities in a projective manner. People won't taking some risks

even if they were to fail and the system won't punish them if they've taken an initiative with a good intention. Now you have to balance this out with a risk framework. And you have to make sure that the governance is not compromised, but your large part of your personality is entrepreneurial, initiative, energy led.

The interviewee clearly prioritizes the fact that the business had been founded recently from scratch. While energetic and proactive are part of entrepreneurial in employees, these entrepreneurial notions in leaders are not prioritized.

However, I would like to add that the fact of having founded the company rather recently does not automatically associate them with the neoliberal socioculture. Socialized in the Mahajan socioculture, the family status and their philanthropic activities for example are concomitantly crucial, as it is the case particularly in interview no 4. The implications of this central narrative for employees and leaders will be addressed in the respective sections.

Assets of companies: adaptability to changing environments. Connected with the foundation of the company under less than supportive circumstances, as the policies had not been laid out clearly and competition from MNCs had been strong, was adaptability to these scarce resources. Thus, as most companies were founded at the end of the restricted economy, mastering technology and even more finding a place in a relatively weak economy in the global economic order was one of the major keys to success. Several new entrants into business at the end of License Raj had become successful in technology led sectors (Chandrasekhar, 1999). Another crucial asset was concentrating on customers, which established companies had neglected in times of little competition. Thus, the combination between technical knowledge and the adaptability to the needs of customers in business was the biggest opportunity for new companies in these years. Yet, these were not the only opportunities to enter big business: possessing good networks to politicians fostered some business to grow in times of still a restricted economy with major barriers for most.

Particularly, under these circumstances with political support, business opportunities were seized, which demanded more of the risk-taking, innovative, and perseverance attitudes in leaders and concomitantly in employees, associated with being entrepreneurial. Established companies had been rather slow in their reaction. Hence, adaptability and fast response to the changing environment became the assets of companies established around economic liberalization.

The adaptability towards scarce resources led to various outcomes. There are companies offering products at cheaper prices to low-income-countries or to the domestic market. The domestic market had an increasing layer of customers with at least some money, yet not sufficient for established products in monopoly markets in the chemical or pharmaceutical sector. Moreover, at international level the low prices India can offer in production, but also in niche markets focusing on relatively small goods needed in one of the major engineering sectors. Companies needed to find their niche for example in recycling waste products from the Global North selling the products to other countries with a similar low-income population. Companies would further opt for selling replacement components for companies in big industrial sectors at cheaper prices than originals would cost, which were not solely oriented towards low-income countries. Similarly, a promising route for a company lay in inventing technical machines, as buying existing machines manufactured in the Global North were too expensive in sectors that had not been dominated by big business. Thus, most companies needed to be innovative in finding their niche spot in the global economy, or established themselves as cheaper alternatives in the domestic economy, with a gradual expansion towards the global market (Mazumdar, October 2011b). Nonetheless, there are also exceptions as one company had diversified early in industries that seemed not as promising as the economically well-off engineering sector, or the chemical and pharmaceutical industry. The major exception, however, is one group that had received major government support in

early economic liberalization in traditional core industrial sectors, where technical skills for the upper level were not given. Identifying new business opportunities relying on the right information and contacts to seize the opportunity were in this case more relevant than technology and customer orientation.

Hard work and commitment in first-generation companies. The fact of founding the own company is moreover connected to hard work and perseverance. Thus, the adverse conditions required not only adaptability, which I will show in the next section, but also the belief that hard work and commitment had paved the way to success. The companies were founded in times when established families dominated business in the country. It had seemed nearly unthought-of to enter big industrial business for people with a professional background (non-business castes), from lower castes, or underprivileged classes and castes. While there were entrants from upper castes in the beginning of industrial capitalism in the Gujarat, reminding ourselves of the Nagar Brahmin Ranchhodlal Chhotalal, the majority of big business possessed a business caste background (Tripathi & Mehta, 1990). The fact that these companies and groups rested on established business families would further serve as hindering factor to enter big business for outsiders. Most companies were started at the end of the restricted economy, in which they had still experienced less support for setting up businesses, while concomitantly facing opportunities to develop bigger business not coming from the established business families. Thus, their experience is shaped by work and commitment, which had already turned into an explicit value orientation. I will approach these values in depth later in the chapter also in regard to the figure of the leader and employees. In opposite to hard-work and commitment, in the Mahajan socioculture, values of trusteeship or social obligation and the reputation of the family for social interests are more central to the identity of the company. In the Nehruvian socioculture, catering to the needs of

ordinary citizen is most central, yet similarly global capitalism has reworked the identity for this socioculture respectively, which I have established in the previous parts of this chapter.

Naturalization of entrepreneurialism as Gujarati or Indian. In the Mahajan ethos, entrepreneurial was linked clearly to being Gujarati. In the neoliberal ethos, while there is the narrative of entrepreneurialism as inherently Gujarati, or occasionally Indian, it is of minor relevance for conducting business. Businessmen had not put being Gujarati in the limelight in their narrations, neither quantitatively, nor qualitatively. The notion of the entrepreneurial Gujarati had been reconstituted in a similar way to what is commonly being understood as entrepreneurial: hard-work and commitment. The core of these interpretations is the active work and effort that are implicit issues. Accordingly, being entrepreneurial is not simply acquired by birth or a worldview, but is connected to the discourse of meritocracy, in which people need to show an effort. In the following interview excerpt, interviewee no 11 refers to the tradition in business of the region:

So, I think uh the Gujarati community, the local-local community has always been uh business-minded and uh for decades they have been in the uh uhm-their profession has been business and uh industrialization has happened quite a bit in Gujarat. And I think more than the government doing anything for the state, I think the people have done things for the state. What the state is today is not because of one man, it's because of a community, which was uh business-minded, like-minded people, hard-working...entrepreneurs, which made the state. And I think one more advantage, Gujarat has no liquor. So due to no liquor uh the labors were quite uh you know better compared to other states, in terms of workmanship, number of hours they worked, uh more disposable income they had towards other things-better living, better lifestyle than to drink. It's not-it's not that they don't drink, but it's not easily available, you

must be aware of this. So [laughs]-so uhm I think it's not a one man show, it's a collective effort for over years of entrepreneurs, why we are here today.

Moreover, being entrepreneurial can concomitantly be connected to being Indian and to being Gujarati. While the region has maintained its reputation as business minded, there are two factors potentially responsible for the dissolution of the connection between entrepreneurial and being Gujarati in several interviews: businessmen had migrated from other states to Gujarat to do business, thus they do not identify themselves as Gujaratis as they had narrated initially in the interviews. Secondly, business possesses a higher interaction with global customers. However, the attribution to Gujarat as an entrepreneurial state has remained. Yet, the notion of entrepreneurial in the neoliberal socioculture is hard work and perseverance.

In contrast, the Mahajan socioculture has been shaped more by local business. The next interview quote serves as an example of the transformation to include *Indianness* as entrepreneurial instead of only Gujarati, yet with a clear and explicit naturalization of having acquired that attitude by birth, which is rather typical of the Mahajan socioculture.

Interviewee no 4 states: “And as I said Indians and Gujaratis are particularly-entrepreneurship is in their blood. And they're positive minded, they're looking outwardly.” Being optimistic is another attitude that is common throughout the interviews, which will be addressed later in this chapter.

What is also alluded to in the interview sequence is potentially a reason for explicitly arguing for Gujarati as entrepreneurial. Business leaders claim the economic success to be their oeuvre, not the chief minister's, who had shortly after the interviews been elected as Prime Minister: Narendra Modi. There has been a discourse referring to the *Gujarat model*, referring the allegedly superior economic and social success of the state to Narendra Modi's

politics (Yagnik & Sheth, 2005). First, I seek to present the dissolution from the local bonds in the next section.

Distinction to the local entrepreneur: Local versus global. This sequence still bears the notion of Gujarati as being superior businessmen able to expand with their business successfully world-wide. Yet, in this interview and another of the neoliberal socioculture there is a slight ambivalence as being Gujarati is concomitantly synonymous to being local and slightly outdated. Gujarati entrepreneurs were connected to earlier forms of trading, denying an attitude crucial for present manufacturing industries that deal with policies, regulations, or laws. This differentiation joins the common notion of entrepreneurial closely linked to big industries, not merely the broad category of business, which might comprehend various small-scale business activities. The neoliberal notion of entrepreneurial of hard-work and commitment is distinguished from the entrepreneur as being involved in routine matters, lacking the risk-taking capability, investing back in the company, not providing quality products, unprofessional, inflated organizations, or not prioritizing consumer-orientation.

Hence, there is a critical distance in the neoliberal ethos towards the earlier notion of the Gujarati entrepreneur as particularly local, which is outdated in times of the global economy. However, mostly the same term of the entrepreneur or entrepreneurial is reconstituted and given strength as being committed and therefore consistent in their business. Thus, the desire to grow and to expand is entailed in this notion of entrepreneurialism. In several interviews the Gujarati entrepreneur of earlier times has been characterized in his entrepreneurialism as financially astute, meaning not eager to expand and to grow. In those cases, most interviewees had for these reasons shown criticism of Gujarati entrepreneurs and have occasionally shifted to being entrepreneurial as essentially Indian. In the neoliberal socioculture, there is a shift towards characteristics of hard-working, energetic, growth, and expansion as entrepreneurial. This slight situatedness in between the integration

into the global economic order and the local roots is illustrated in the following interview excerpt of interviewee no 11:

So, I think uh the Gujarati community, the local-local community has always been uh business-minded and uh for decades they have been in the uh uhm-their profession has been business and uh industrialization has happened quite a bit in Gujarat. And I think more than the government doing anything for the state, I think the people have done things for the state. What the state is today is not because of one man, it's because of a community, which was uh business-minded, like-minded people, hardworking...entrepreneurs, which made the state.

Nonetheless, there are three interviewees who hardly mention entrepreneurialism. They all share a focus on education and an exposure to the US education system. The interviewees do not form their own socioculture. There is rather an exception within the contemporary socioculture: the significance of cultural capital in the interviewee's life. In general, economic and social capital is more crucial in Gujarat's business elite than cultural capital. This slightly changes as cultural capital is accompanied to a certain extent by symbolic capital. The following generation in the companies obtains higher educational degrees at prestigious educational facilities preferably in the US, yet also in the UK. Whereas for most interviewees education plays a minor role in their life, for those in the private sector with a higher educational level from a prestigious university in the US, entrepreneurialism is not explicitly mentioned.

Another interviewee that diverges from the rather clear-cut socioculture types is interviewee no 10. The main difference to other interviewees in the sample is his position in the company.¹⁰² In his narration, there is not one explicit or implicit (see p. 54) mentioning of

¹⁰²The founder of the company was not available for interviews. Underneath him, there are directors that manage the day-to-day business. The company possessed the lowest revenue in the sample. Interestingly, the company is active in the same sector as the established family businesses, yet was founded shortly before economic liberalization, when most companies in the neoliberal socioculture were founded.

being entrepreneurial. His personal account reminds more of the Nehruvian socioculture as his personal career based on education is crucial to this life story. In the Nehruvian socioculture, there is no narration on entrepreneurial traits in being Gujarati. In general, there is hardly any praise in the public sector about the entrepreneurial characteristics connected to risk-taking capabilities, or hard-work that we can observe in other interviews. At the end of the chapter, I will go into details about global business in the ethoi.

Focus on employees – distinction to Mahajan ethos

As I have established in the introduction on the Mahajan ethos, the neoliberal ethos shares the focus on people with the former. However, the neoliberal ethos emphasizes people more than the Mahajan ethos. Like the Mahajan ethos, I will go into depth about the working culture and the relations to leaders later in the chapter. In this ethos, the HR departments are less within the responsibility of the leader.

In this socioculture, companies across the industries, except the textile industry, have succeeded by providing more than just technology. While there is the mastering of technology in companies, the focus lies clearly on people. Interviewee no 5 possesses an engineering background himself and resents the earlier attitude toward the praise of technology over employees: “Yes, I can say that this is a city of textiles and whenever the textile mills were there, people believed that [...] machine was more important than a man. And an engineer was never respected...entity as far as Gujarat was concerned [...]”

Talent. The notion of *talent* used for employees is present throughout the neoliberal and Mahajan ethoi. The focus on people and the notion of talent is opposed to an alleged earlier focus solely on technology, influence, and licenses that determined who was successful in business. The resource that companies needed in present times with competition lay in highly educated employees and creating a culture to attract those employees to the

company. Interviewee no 2 clearly stresses the focus on people over technology similarly to interviewee no 5, with whom he shares the educational background:

So, it's a fairly transparent leadership, fairly people-oriented leadership, very clearly believing the next generation age going forward [...] is going to come not from having just the technology, or the processes or the systems, or the funds, or the licenses, which used to be there thirty years back or twenty years back in India. It is going to come, because that competitive advantage is primarily going to happen, because of the kind of talent that you're going to attract. And unless you bring, you build a culture, unless you build a mechanism, unless you build a system, where you are able to attract the best of the people, from the best of the organizations, from best of the colleges, whether it's management or engineering.

Talent implies to possess a strategic human resource management to improve a company's value. The foregoing interview excerpt beautifully illustrates talent as strategy in business to gain a competitive advantage, which is more pronounced in the neoliberal ethos.

Core attitudes in employees. As I had argued entrepreneurial varies in its notions in employees and leaders. First: being active and dynamic is what employees of every level and leaders have in common ideally. However, energy and dynamism take a slightly different note as I have hinted to in the introductory section on entrepreneurialism in first-generation companies.

Entrepreneurial employees. Possessing energy in employees translates into showing initiative, being self-driven, displaying energy and working proactively until the task is finally executed. Moreover, particularly in higher employees risk-taking capabilities are demanded due to the functional differentiation in companies, who increasingly bear more responsibilities.

At this point I aim to give an introduction into notions of entrepreneurial employees. However, the notion becomes more apparent in the sections in the working culture, where various notions of entrepreneurial are in conflict when they are put in context with further dimensions such as system-orientation, or intrinsic attitudes of not granting a huge amount of freedom in work to employees.

In the following interview excerpt, the conflict with other dimensions is already alluded to such as restricting the exact entrepreneurial attitudes. Employees are perceived to need a system which disciplines behavior. When asked to tell about the structure and working style of the company, interviewee no 14 states:

OK. We're a first-generation company. So, Mr. "CEO's name" himself is a first-generation entrepreneur. He started this in uh eighty-eight, so eighty-eight, eighty-nine. So, the whole company's a first-generation company. And therefore, there is a very strong entrepreneurial spirit in the company. Now what does entrepreneurial spirit within the company means? People have to have energy, people should display initiative, people should take up responsibilities in a projective manner. People won't taking some risks even if they were to fail and the system won't punish them if they've taken an initiative with a good intention. Now you have to balance this out with a risk framework. And you have to make sure that the governance is not compromised, but your large part of your personality is entrepreneurial, initiative, energy lead. And therefore there is a lot of uh faith and trust in people and they can take, uh as I said, initiatives, which they think that are in the interest of the organization. Then we are also a very participative organization, where people can very freely give their ideas if they feel very strongly about a particular issue. And third is, since we are growing so much, we need people within the system also to grow. So, there is an organizational effort which goes towards people from within. So that as we grow, more and more

people can grow from internal ranks and take higher responsibilities. So, these are some of the characteristics.

In one organizational structure with exceptionally flat hierarchies, the autonomy of an entrepreneurial employee should not be limited. Under such circumstances, entrepreneurial obtains a different notion in employees as they work mainly in sales all over the globe. In these conditions, employees need to conduct business as if it was their own in the sense of an entrepreneur. Here, being entrepreneurial is about working autonomously, showing initiative, being able to work in environments in which paths are untrodden requiring certain skills to master these complex situations. Moreover, there is sufficient space for them to be entrepreneurial. There is no strict system or culture which they need to adhere to. No other interviewee aimed to have autonomously working employees. Most uttered explicitly that they should be empowered, yet within their limits, where they are checked by their bosses or by systems. When interviewee 5 is asked to tell whether the actions he had taken in management work, he states:

Sometimes it does, most of the times it does. Most of the time it does, because it's a company where there is no command and control. Like in sales, everyone is an entrepreneur. I mean one engineer has several countries, right? I was just discussing this morning with my guy, called [name of the employee]. He's from Ahmedabad, we have stationed him in Europe. And uh apart from taking care of-ok he's a cement guy. He takes care of uh all the uh key account as well as head office is concerned in "big German cement company", "three other European cement companies" and some of the Italian groups. So, what I'm trying to tell you is uh-what is his job? His job is-he has a Polish guy working under him, he has uh a French guy, he has uh two French guys, one Polish guy, one Russian-two Russian guys, uh [seems to be thinking aloud] that's what we do in UK, two English guys and his job is to see all these engineers-and

a Brazilian guy and a Spanish guy, right all based in London, to see that they become entrepreneurs. That means one guy who takes care of several countries on his own.

He-he, because we were discussing industrial customer, I mean we don't have thousand customers, if I look at Poland, it's uh just couple of uh cement groups and uh a copper mine for example. His job is to train these people to become entrepreneurs, as if they conducting their own businesses.

Apart from the energetic and risk focusing, self-starting, and responsibility assuming entrepreneurial side of the neoliberal ethos, other characteristics in employees are demanded, which are linked to the foundation of the company as hard work.

Dedication, hard-work and execution focused. The commitment of most leaders to their company or group translates into dedication of employees to the company. Thus, displaying energy is again crucial for employees, yet not in the entrepreneurial sense, but more as dedication to hard work and fulfilling tasks within the strategy of the company. Yet, being active is an overbearing demand in people. While there is a demand in some companies for employees to contribute with ideas to the company, employees should not majorly be concerned with creating something new or being innovative. Rather, they should be working on the execution of the leader's strategy for the company to make it grow and expand and financially successful.

Even though most companies want to hire from the best colleges and universities in the country, they do not expect people to be outstanding regarding their skills. Far more important are dedicated work and focusing on the execution of the company's strategy. Interviewee no 17 states: "[...] when people working hard, that's what matters to us. Without them having the smartest of the world, but hard work and determination and execution is what we really focus on." What he means by execution focused becomes apparent in a different section. Employees should be active and work according to their task. Obviously, in

such a setting intelligence does not appear to be of highest priority. Interviewee no 17 continues: “So, I think that is what we look for. People who can do rather than think too much. We need to think always, but we need to do more.”

Adaptability as flexibility in employees. Companies in the neoliberal socioculture had to adapt to the rather disadvantaged position in the global economic order, in which adaptability proved to be one of the main assets. While adaptability resulted in niche markets and a strong customer orientation, in employees a further characteristic is referred to, which is not connected to the founding of the company.

In employees, adaptability at the explicit level refers to the alignment to the company culture. The values need to be internalized by employees. The ideal employee is easily adaptable to the company’s needs. In return, the loyal employee acts in the interest of the company, without harming it, without betraying the company’s secret. Of course, employees need to possess technical skills to be recruited in the first place. The recruitment process appears to be standardized according to set guidelines of (technical) requirements. However, in most interviews the fitting in, the adaptability to the company’s values is regarded at least as significant for an ideal employee.

Teamwork because of organizational structure.

Dedicated, hard work should not be performed in isolation. Companies possess several departments and divisions that need to work in congruency. Thus, employees are expected to be able to work together on tasks. Team work appears to be of minor relevance at least at explicit level in most interviews. Also, other associated attitudes such as coherent work are not stressed explicitly or implicitly. Yet, this quality is necessary as there is a structure in the company people need to integrate into Interviewee no 2 states:

Somebody who has good teamwork, because there is this you know-there's-this is you don't want loners here. This is an engineering company getting [cannot understand]

huge amount from-from the time the product is uhm uh opportunities identified over time, but there's delivered-it's a very integrated kind of a system and therefore you want good team workers. Uhm so one-one very important element what we look for is whether the person has good team capabilities uh otherwise he'll not fit into this system.

In the Mahajan socioculture in contrast, there is a fear that people would compromise on working together risking the cohesiveness of the entire organization. The neoliberal ethos entails the belief that people need to be capable of working in teams, yet the worry about having weak links within the system is less.

Core attitudes in leaders.

Like the leaders in the other sociocultures, there is hardly any identification related to their managerial position as CEO or MD. However, while there is a stronger focus on entrepreneurialism in the neoliberal ethos, the figure of the entrepreneur is also not central at explicit level.

Leader as entrepreneur - not so much in the neoliberal socioculture. Whereas there are several characteristics associated with being entrepreneurial, the leaders of the companies and business groups do not identify as entrepreneurs in the neoliberal ethos. Business leaders can identify with characteristics they associate with entrepreneurial, whereas there is hardly any explicit initial introduction as entrepreneur. However, in the Mahajan ethos, entrepreneurial attitudes interpreted as self-initiative and energetic were applied mostly to employees, in the neoliberal ethos, also leaders bear some entrepreneurial attitudes, even though with variations. Ideally in this ethos, entrepreneurial refers to the act of starting a business venture at small scale, developing and establishing it as a successful company and pursuing growth and expansion. Therefore, it is closely connected to the leader. Interviewee no 14, a professional himself, states about his future:

One is I continue to work uh as the professional in the corporate environment in India or I can do something more entrepreneurial in terms of uh uhm starting something with a small organization, build it to a growth state and take it to the next level.

Being entrepreneurial, understood as risk-taking and being energetic serve more as identity to the interviewees. Those who do identify as entrepreneur have experienced the founding of their company more directly and recently. In those cases, the entrepreneur is synonymous to a leader. There are certain notions of entrepreneurial specifically in leaders, most of them relate to the narrative of having built the business from scratch. The narrative within a company of having been established rather recently extends to high family members as well, even though they might not have personally founded the company. Closely connected to the founding of the company are further central characteristics in leaders of hard work and perseverance.

Perseverance in leaders. Commitment of the company and the top-level management as value for the entire company is different from when it concerns employees. Employees need to be dedicated as I have established. For owners, commitment is about perseverance, sticking around even if difficult situations arise. Commitment as value for the company serves as reputational resource conveying the image of reliability and perseverance. Consequently, showing perseverance provides the leader with some reliability and reputation towards customers and other stakeholders. Interviewee no 13 regards this as central to conducting any kind of business:

So, value of commitment. Whether it is textile, whether it is I know, whether it's steel, whether it is any commodity: gold, silver. Indian entrepreneur, they will make money, double money, make loss, but ninety percent of the entrepreneur will have a value of commitment. Their name into the market. If I will not fulfill this commitment, tomorrow I will not stay into the market. That is a reputations issue.

Yet, commitment not only bears the notion of endurance. Commitment is furthermore the personal connection to the company, which distinguishes members of the family from professional managers. This alignment to the companies is demanded of employees as well. However, as they are not part of the family by blood, their alignment is established via an adaptation to the company culture, which I have addressed in the first subchapter on loyalty in employees.

Interviewee no 13 is convinced that the personal connection and obligation to the company brings an advantage:

Personal commitment from the promoters and personal attachment of the promoters and personal commitment of the promoters to the company to fulfill, to achieve the visions of the group, of the company, which is not there in Europe, because all, they're paid CEOs. For their attachment for the companies for their five years, not life-long, of that contract value, commitment value.

Leaders in the neoliberal ethos perceive the economic environment as if they constantly need to work for business. Leaders in the Mahajan ethos appear to follow this explicit statement as they seek to argue for hard work as well within their framework of starting a new venture as working hard, yet hardly starting from scratch.

Optimistic and dynamic leaders. The neoliberal socioculture embraces competition. Growth and expansion are part of their ethos. There is an enthusiasm towards the integration into the global economic order in all ethoi, which I will address in depth later in this chapter. Being positive and optimistic is not restricted to going global, but to business in general. This might be no wonder as most of the interviewees are part of the business elite, which in this case refers to high positions in companies with the highest revenue in Gujarat at the point of the interview. Despite having experienced crises or difficult times, all companies have survived. There is one exception within the sample: interviewee no 8, who has struggled for a

long time with his company. This case, however, illustrates nicely that even if the interviewee narrates about the financial struggles, there is nonetheless the belief that a leader needs to be positive and install an optimistic working culture. Thus, he complains about the restrictions due to a lack of economic capital. If he possessed social capital, thus social networks, in which people he knows and trusts could help him financially, he might have an easier time. Interviewees who struggled with their companies, yet possessed sufficient symbolic capital, their family reputation, received financial support by the business community in a period of crisis. Interviewee no 8's social background, however, diverges strongly from the rest of the sample as his father has had a simple job. The foundation of his company is due to the fact that he received some relatively small money from an invention at a previous company where he was employed. The company depends on shareholders, which is perceived as pressure on the interviewee.

When employees need to display energy, leaders need to be dynamic and active. Employees need to be active, proactively dedicated and show initiative. A leader needs to display dynamism to push further growth in the company or group. Thus, growth and expansion in the setting of the global economy demand active subjects with slightly different implications. Interviewee no 5 states about characteristics in ideal leaders:

When I say dynamism: is growth in a focused manner. That means your ideas are clear, where you want to go and channel the energies of the organizations in that direction...is dynamism. To achieve that goal in a foreseeable future.

While energetic people are valued throughout the ethoi, the neoliberal ethos values energetic and positive the most. Leaders' ethos appears to be most congruent with the economic environment, there is the least friction to the integration into the global economic order.

Adaptability: working around adverse business conditions. The Mahajan ethos knows adaptability as well. There, adaptability is perceived within an environment, which is forced upon people. In contrast, the neoliberal ethos is able to make more use of adaptability. There are the right resources to play the game to some extent. Nonetheless, both share the adaptability to adverse conditions seizing business opportunities. This adaptability is similar to the notion of *jugaad* entailing an innovative attitude in an environment with scarce resources. Here, I aim to refer to the popular term of *jugaad* without necessarily implying a specific or essential Indianness in the attitude, which had been suggested by management literature (Mankekar, 2013). In contrast to the Mahajan ethos, the risk-taking capability is lacking, while the hard work is more emphasized. Interviewee no 2 narrates about his life story and concomitantly about the path the company has taken since its inception:

And uh since we understood the technology uh very quickly we started developing larger size induction furnaces, so in larger induction size furnaces, India is a very enterprising country, you know if you uh uhm give something which can uh uhm allow a customer, to allow a customer to meet a new opportunity, they're-they're very quick [snaps with his fingers] to respond to that, right? So let us say the induction furnaces at that point in time and day, was one-turn or two-turn, so till two-turn size, it was only used for casting making, but as soon as the size increased to three-turns and four-turns and five-turns, uh uh and we-we started telling the customers that-that uh why do you use it only for foundry applications, for casting applications? Use it for steel making. Uh how can we make steel on this? So then we, you know, started teaching them how to make steel on suing this-this uhm thing and fortunately for us the norms of-of the steel grades were a little loose at that point in time-even today they're-they're not as strict as in case of let us say Germany or USA or England and therefore we have the possibility of using a different kind of a technology and

therefore you know uhm when we started uhm uh setting up these kind of plants uh the-the customers got a huge benefit, because you know the plant uh would be set up in a very short gas station period, the investments were small, uh small investors, uh small entrepreneurs could actually start that and there was-there was a growing demand in India, which the larger government kind of plants were not able to meet you know-and the local requirements of the customers uh, which the government kind of plants, SAIL, I'm sure you would have heard that name, SAIL [R spells it out], the Steel authoritative in India, those kinds of plants-Tatas you know the larger plants in the-in the country were not able to meet those requirements, so therefore you know this-this became an alternative steel producing route. So, what-what we pioneered, I-if I could use that word, was an alternate technology to steel making uh, which is actually, you know, not there anywhere in the world-in this proportion.

Adaptability has continued to play a significant role in business as the economic environment demands quick responses. In one company, adaptability concerns also the organizational structure pushing paternal and hierarchical relations as well as the monitoring HR system aside, whereas the majority of internal structures are not affected by continuously changing business environments to this extent. In the respective section on the working culture I will elaborate on this conflict in depth.

Delegating tasks, creating working culture to attract employees. To make it short: the orientation towards people reflects in leadership ideals. Thus, a leader needs to be able to work with a team and possesses a vision, in which he makes sure that the entire working culture is entrenched with it. Therefore, he needs to possess good communication abilities, to create a working culture, in which all employees even to the lowest level know how to behave in congruency with company values. In the Mahajan ethos, the leader would listen, as there is rather reciprocal exchange to employees. Moreover, he needs to create a working

culture that attracts and retains employees. Furthermore, a leader is responsible for sharing the strategy, the vision, participatory execution and promoting a culture in which employees are rewarded for their performance. Consequently, employees would be attracted and retained. This notion is opposed to an authoritarian leader, who gives directions to employees. In the Mahajan ethos, these traits were named occasionally as well, yet with a quick restriction so that employees would not misuse the concomitant freedom.

Apart from the entrepreneurial traits in employees, significant majorly in companies at development stage, most companies stress the functional differentiation that requires an increasing number of skilled employees as the number of higher positions increase. Thus, the hands-on and detail-oriented working style of leaders in previous times needs to give way to giving more responsibilities to people, delegating work in a systemized manner. However, in contrast to the Mahajan ethos, the functional differentiation is not that central to the company. The division has established and does not serve as symbol of professionalization. At explicit level, the neoliberal socioculture directs itself against previous generations in business due to their power-centric approach. Irrespective of that, in the neoliberal ethos, the leader possesses the function of coordinating tasks in business. Interviewee no 17 states:

I uhm I've seen that uh my, the way earlier organizations run were very uh-was very detail oriented and very involved in day-to-day things about the business. To a certain scale I think that is manageable uh beyond a certain scale I think it becomes-you become a bottleneck. Uhm and I think this is a thing that I and my father, both, share. So, he was extremely oriented towards knowing, having his hands on everything to the extent. But I think jointly he-he also feels, and I have to feel that I think this way it'll never practical to run. So,s I think with the last so many-I would say for the last three or four years I think we have changed as an organization, we're empowering more and more decisions to be taken down the line. It's a conscious effort that with

him-his guidance-HR and everybody's making to make sure that delegation of duty happens, that responsibility gets put down line, where then you can really function in the role that you need to function in. And I would like to happen-happen for me also. Because I think if you want to do many more things and new things, if you need to find that time where you don't have to do day-to-day operations. That doesn't mean that you're not aware of what is happening in the organization. So I think this transition period right now, I need to be detail oriented in what I do, I need to know what is happening in the function that I look after and that will give me the confidence to know uh and build a team. But I think more important that my-the biggest thing, which I would want to do for myself is create future leaders for the company because as a company we are going through a transition of change of management.

In contrast to the Mahajan ethos, the focus has shifted slightly to the system and working culture away from the leader.

Working exposure for leaders as merit: as part of family. For the second generation in these companies as they already are established as family businesses, there is a legitimization needed for their leading position in the company: Possessing sufficient exposure in working in various fields and departments.

Their exposure is linked to merit and hard work, even though the mere fact of that exposure might objectively not serve as evidence of effort in that matter. Furthermore, the exposure to various fields is part of showcasing professionalism. Even though the younger companies have faced a rather recent effort in establishing their enterprises, they nevertheless are still family businesses. Thus, even though the companies do not center on the identification via the family unlike the Mahajan socioculture, family still possesses the idea of unprofessionalism. To a certain extent a leader being a member of the family business needs to fulfill this criterion to convey the image of professional business practices.

Moreover, what is completely omitted in this narration is the fact that only a handful of people are able to possess that kind of exposure as they are part of the core family of such a business. The average citizen or even highly educated person would never obtain the same opportunity to gain that experience. For the second generation, education and training were without any hindrances. The value of education, however, is not a necessary part of the meritocracy in this ethos. This is in stark contrast to the Nehruvian ethos, in which educational excellence is part of the identity not only of the top personnel. Traditional business castes had not been in powerful positions. Bureaucracy and politics came from a non-business background, supporting quotas in their fields, and further seeking to restrict private business through policies and committees.

However, in the part on education I will illuminate that there are changes in educational attainment in the generation towards more internationalization and higher degrees. The higher degrees are not for personal fulfillment or growth. Rather, they are thought to serve business interests to be up-to-date for technical and managerial knowledge. Yet, the educational degree increasingly grants a symbolic resource rather than the education as education itself. Cultural capital in its institutionalized form has started to gain importance, which is mainly the case in the established family businesses in the Mahajan socioculture than in the neoliberal one. Yet, the next generation might make this change in this socioculture as well. However, this remains space for speculation.

In the following interview sequence, when the interviewee no 11 was asked to tell about his life, he shortly states the facts that he obtained an educational degree and further he portrays his journey to Managing Director of the company as having earned the position through the exposure in the departments:

So, I came back uh from the boarding school and uh did my high school from Ahmedabad. And uh I did my B. Comm.-which is graduation from uh University in

Ahmedabad. And immediately after graduation I joined uh the family business. This is a fam-this is a uhm listed company, with family owning, majority shareholders. So, uhm my father started this company in nineteen eighty-five and I joined it in about nineteen ninety-three. So, I've been working here since last twenty years, at different positions. Today I'm the Managing Director. I started off with no baggage, no real uh designation or such, but I worked in all departments from the factories to uh the accounts department, the marketing, purchase, finance, everything. In nineteen ninety-eight uh I was nominated the Managing Director. A-so for about six years I worked in all kinds of uh departments. So, ya, we uhm-when I joined the company, this company's revenue was twenty crores in nineteen-ninety-three. Last year we did three thousand crores, plus. . Uh this is Rupees, equivalent uh Dollars about five hundred million US Dollars.

While the leader needs to exhibit some working exposure towards customers and shareholders, there is a shift away from the leader towards systems.

System-orientation: leader not as central to routine matters. There is a tendency to have a focus on the working culture rather than on the person of the leader. The leader should not be redundant in general, yet play a lesser role, particularly in his personal traits. A leader should not stand out personally. While the redundant leader hardly exists, there is a shift away from the paternal role of the leader, in which values had to be exemplified by the highest person himself. An ideally redundant leader refers to the absence of a leader in the company, thus the systems works without continuous personal interference by the leader. The shift to employees and the systems and working culture brings along a focus on the latter.

Interviewee 11 states:

So, I think you know the most important area as a leader of the company is to have a motivated employees, good employees, hard-working employees, because ultimately they're the ones who are going to deliver to you, alone you cannot do it.

The ideal type of the redundant leader is exemplified by interviewee no 5, who enjoys a lot of free-time, yet still with the goal of growth. Free-time refers to the ability of the company to run on its own without the continuous personal interference of the leader:

And uh I-I run this company with a very specific uh uh set of thinking, it gives me a lot of free-time like I play Golf four days a week. It's very nice, like today I came at twelve o'clock [laughs], so, you can say for having an appointment for you, OK? So, I'm not uh uh it-it...I-I run this company in a very-very easy manner. And keeping this pace, we want to be a dominant player in the world.

However, this rather extreme ideal is rarely practiced and remains an ideal type at explicit level as goal orientation for leaders. However, there has been a shift from the personally involved leader being a role model in values to one creating a culture, in which employees behave on basis of the shared company's values, which is synonymous with the shift towards systems and processes.

Functional divisions necessary for performance. The shift towards the focus on the entire company is concomitant with the established functional division of the company. The Nehruvian ethos would rather argue for more team work as the departments in public companies were too separately organized, while the Mahajan ethos would stress the fact of possessing these divisions as sign of professionalism. An example from the neoliberal socioculture is interviewee no 17, who states the ingrained belief that people possess a specific function in the division of work, and therefore the structure needs to adapt to that:

I would say for the last three or four years I think we have changed as an organization, we're empowering more and more decisions to be taken down the line. It's a conscious

effort that with him-his guidance-HR and everybody's making to make sure that delegation of duty happens, that responsibility gets put down line, where then you can really function in the role that you need to function in.

Thus, in the neoliberal ethos, delegating the responsibilities from the leader to the respective divisions is emphasized. Further, there is the belief that people perform best in a respective function. The notion of talent entails this belief as well. A company identifies the strength, trains people according to that so they can contribute their best to the financial performance of the company.

Working culture as value system. Building a culture is one of the main features in the neoliberal ethos. While employees need to be able to adapt to the respective working culture in a company, there are two sides of the same coin: the working culture needs to enable the company to attract and retain good employees. There is a huge focus on attracting employees and taking care of them in companies. There are training programs in the majority of the companies that invest in employees. However, employees concomitantly need to be able to fit into the working culture, which I have addressed in the section on transparency and loyalty. The culture exists not only to attract them. They need to adapt to the culture created by the leader from the very beginning and finally have them incorporated.

Yet, not all companies possess a culture. Particularly those companies which identify themselves as semi-professional have systems and standardized procedures installed, yet lack a culture with values to attract employees. Interviewee no 11 states:

So culture, I think it's an Indian company. It's not, it's not a multinational, it's Indian company. It's not that, it's not that the boss is not approachable. If there's a problem even an assistant can approach the MD, it's not that I'm not approachable. So, it's not here. They know that if there's a problem, I'm approachable. [...] the culture is very

simple. It's a simple format. I'm available. I'm not available for every small thing, but I'm available if there is, if the people are not doing the job.

While most interviewees seek to avoid uttering negative statements about earlier management styles, there is a differentiation in some interviews in this socioculture to earlier times, in which a focus on technology, influence and money, and obtaining licenses was sufficient to persist in business. The resource that companies needed in present times with competition lay in good employees and creating a culture to attract those employees in the company. Interviewee no 2 states:

So, it's a fairly transparent leadership, fairly people-oriented leadership, very clearly believing the next generation age going forward [...] is going to come not from having just the technology, or the processes or the systems, or the funds, or the licenses, which used to be there thirty years back or twenty years back in India. It is going to come, because that competitive advantage is primarily going to happen, because of the kind of talent that you're going to attract. And unless you bring, you build a culture, unless you build a mechanism, unless you build a system, where you are able to attract the best of the people, from the best of the organizations, from best of the colleges, whether it's management or engineering.

The working culture is intended to give employees a feeling of belongingness. However, belongingness should not be confounded with personal and emotional feelings, even though there is some amount of that in loyalty, yet rather a connection to the financial performance of the company and contributing to success over a long time. Thus, creating the right kind of culture is part of business, which is oriented towards economic growth and financial performance. Incorporating employees in such a working culture appears to guarantee consistency in working. Interviewee no 2 argues for the right kind of working culture in the following:

So, building the right culture so that we can continue to attract the best of the talent and then give them more and more responsibility, so that they can take the organization forward. Very closely linking them to transparency and closely linking them to our profitability and the growth of the organization. So, if we achieve this-this vision, if we achieve these goals and these objectives, then the rewards are going to be very closely linked to the achievements. So, that's why people are showing a lot of commitment.

A huge part of the working culture consists of training programs in the companies managed by their Human Resource department. The standardization of HR departments is furthermore considered to be attracting employees. Interviewee no 13 argues how he ensures to get good employees:

That is we have internal system. We have internal systems, gradation systems, every six month, one year that internal assessment-assessment study and personal interviews. Then their KR is based on their KR -how they're achieving. What is their issues? And then we are going to give them a proper uh black form to execute the uh things.

Thus, not only are values in the working culture attractive to employees, but standardized and structured systems in which personal dependency is little.

HR- training programs. HR management is of such high priority that there are the most systems and standards installed, particularly at explicit level. While HR departments exist in all companies, the focus in the neoliberal ethos is the strongest, particularly in combination with systematization. There is a huge amount of standardized support for employees, which seeks to identify particular potentials in people so they can profit. Thus, companies need to provide excellent training programs to attract and retain employees with the fullest support. Interviewee no 13 states:

In a potential employee...Potentials employees-they're our assets. Basically, in our groups we have also clear cut path and clear green channels for the potentials, which we use them for cost, we give them extra uh what we call?-Special treatment to the people. Then identify their needs, identify their cap in them. Giving them uhm an outside support if they need. And then we think that they're not the common persons. We take them in uh green channel and fast growth up that people. Fulfilling their whatever the uh com-uh aspiration in them. And we are also committed to them .

HR training programs not only take care of the growth of people, but they also take care of installing working systems and procedures so that employees are restricted in their potential wrong-doings. In the following excerpt by interviewee no 17, the importance of the systematization in talent management or HR management is illustrated clearly, yet also the ingrained belief in the need to monitor not only their performance for their growth, but for the company's sake:

So, it's a fine balance of delegating, but still having enough systems and processes to ensure that no one is able to misuse the system or the freedom given. So, you need to create that entire environment of being able to recruit and retain the best talent. So, that would be my major or that has been my major style, that I try and recruit the best, empower them, give them direction, give them lot of freedom. And putting very good systems and processes to ensure that no one misuses the freedom given.

With the shift towards more systematization in the working culture, the HR departments are a major part of this focus.

Paternalistic relationships versus systematization in HR. Despite the calculable management of employees, the leaders working with employees still follow a less standardized and more personally dependent style. While leaders aim to be less involved in

routine matters, and they rather consider their role to be distant in creating the right culture than actually overseeing the work of subordinates.

While I cannot be sure of practices in routine matters, there are nonetheless indications in the interviews that the attitude towards employees might not be as systematized as it is frequently told. The standardization appears less important and the support rather more dependent on the assessment and personal attitude of the boss. Interviewee no 14 claims:

Well I'm a-I'm a very-very-very much people's person. So, I uh invest a lot in people who work with me and around me and I demand out of them in terms of work and output. Uhm but my uh principle mission, which drives me as a human being is to make sure that people who work with me become uhm better in terms of their skills in orientation and are able to shoulder more responsibilities.

Yet, when asked for how he seeks to make sure that employees become better, it becomes clear that their support depends on his assessment. There is no narrative about how employees are involved in their growth or development. It is a rather paternalistic attitude towards them, even though throughout the interviews there is a differentiation from earlier top-down-approaches:

There are various ways. In your day to day work you get them to focus on the task getting to details, don't leave or neglect details which look minor, but can become important. I make sure that they focus on their return in oral communication. I also make sure that they read adequately about the subject on which they are working. So, I try and read things and pass on the articles, weblinks etc that they can enrich themselves. And most importantly, periodically you find out what are the areas in which they need development. So you send them out to external training programs to

institutions of repute. These are some of the initiatives that one has to take to develop people.

While the performance of employees and their recruitment are major parts of the HR departments, leaders are responsible for empowering employees.

Empowering employees, personal decision by leader. In the neoliberal ethos, employees need to be empowered by the leader, the monitoring or checks-and-balances are of minor relevance. This does not mean that there are no checks-and-balances, or employees are not monitored. Yet, the priority is different than in the Mahajan socioculture, in which employees are perceived as likely misusing their freedom given by the leader. Making employees grow in a company does not refer to personal growth and development. Further, empowerment yields less to self-realization of employees or employees taking care on their own for their empowerment. Empowerment is still connected to the leader, either the highest leader, or the leader in the department, depending on the level of the employee. An employee depends on his or her leader for empowerment. There is the belief that employees would not be able to do this on their own, but the leader needs to identify the potentials as such. The leader's task is to identify the potentials of an employee and help him or her develop those for the sake of the company's performance. Opposed to the self-initiative and energetic attitude employees are expected to possess, in this regard employees are rather passively waiting for the leader to identify their strengths. Interviewee no 5 states:

Uh capabilities is a very-very uh subjective thing and how you perceive them, but one uh important aspect of a manager uh myself is to see that I bring them out. So, I think uh all our employees, especially on sales like for example uh they have uh become uh international uh citizens. And there are people who have been working with me for the last twenty, twenty-five years, or last fifteen years depending on their age. So, it's been a very-very uh nice experience. That we tried to get the best out of an employee.

While it is portrayed as if systems would take over in a rationalized manner, interviewee no 14 reports his rather personal oversight when asked how he achieved employees to grow:

There are various ways. In your day to day work you get them to focus on the task getting to details, don't leave or neglect details which look minor, but can become important. I make sure that they focus on their return in oral communication. I also make sure that they read adequately about the subject, on which they are working. So, I try and read things and pass on the articles, weblinks etc that they can enrich themselves. And most importantly, periodically you find out what are the areas in which they need development. So, you send them out to external training programs to institutions of repute. These are some of the initiatives that one has to take to develop people.

In sum, the HR training programs are not completely systematized, yet bear the markings of the relations between people in a hierarchy.

Relationship between leader and employees. Before I address system-orientation and other conflicting dimensions, I aim to summarize the relationships between employees and leaders at this point. There are different relationships between leaders and their employees, according to the level of the employees. What both employee levels have in common, is their need to adapt to the company's culture and show honesty and trustworthiness. In already more established and bigger companies, there is a variety of professionals working in top positions in the company. These leader positions demand from employees to allow empowerment, assuming responsibilities and daring to take risks. Particularly, in smaller companies that have their business in a not too regulated and not established market, that either focus mostly on hard work and commitment - and occasionally on attitudes attributed to entrepreneurialism- there are rather few leadership positions. Here, the employees need to be hard working, dedicated, and displaying high levels of energy.

Leaders find potential in people. They expect from employees the desire to grow, be motivated, and adapt to the working culture. For hard work and a dedicated working style, employees enjoy training to take up higher responsibilities in the company and receive a career with financial remunerations. Higher employees, then also called leaders, are empowered by the top leaders to take up more responsibilities and execute the strategy of the top leaders. Interviewee no 5 states that the will to grow in employees is one of the major issues especially in sales, where the educational attainments are of lesser significance:

Yes, for example uh my sales director for example he's a-he's a guy from Delhi. He worked with me...and now he's looking after international sales. So, he-he-he uh we are really looking for people who are able to grow. And provide environment, which will allow them to grow.

The relationship has also shifted away from this personal role as there is more focus on standardized systems and procedures.

Participatory working culture: sharing the strategy. There are some similarities at first glance between the Nehruvian ethos and the neoliberal ethos in the aspect of a participatory working culture. In the neoliberal ethos, when hard-work and commitment are valued, a participatory working culture is understood as contributing with innovative ideas. In the Nehruvian ethos, the participatory working culture refers to the effort to shift from the rigid, bureaucratic hierarchy, in which employees had to simply execute orders. In the neoliberal ethos, a participatory working culture is part of a less autocratic, paternalistic relationship of the leader to employees. The concept of the participatory working culture distinguishes itself from a system in which orders were given for execution without seeking to explain their alleged necessities to employees without making them believe in the orders. As it is crucial in present times for companies in most industrial sectors to be able to rely on their employees as they interact directly with customers, employees need to embody the

beliefs of the company to show consistency to the outside. Interviewee no 2 clearly opposes the earlier, or to some extent still prevalent, leadership attitude:

We have practiced this, while we believe that some of the other companies still follow the top-down-approach, not trusting, not empowering. Just follow what I'm telling. This kind of approach as opposed to sharing a strategy, [...] sharing of the vision, making them part of the strategy execution, making a transparent system, where the each employees very clearly are linked to the profitability of the organization.

One of the changes that brought the entrenchment of values and beliefs in all employees was the integration into the global economy. There has been an immanent growth associated with the integration into the global economy. Concomitantly with growth and expansion came the demand for a professional workforce that could take care of the more specialized technologies. A leader, as in the CEO or MD, is not able to oversee the interaction between employees and customers. Thus, there is the need to have a working culture that embodies certain values in order to guarantee that employees behave according to the strategy and beliefs of the top leadership, the term *vision* comes into play. Ideally, the *vision* is entrenched by most employees. While the term of *vision* evokes a rather spiritual association, a *vision* is connected to management instruments that are based on rational controlling. The *vision* is intended to support the strategy execution in so far as setting the vision is assumed to persuade employees of the importance of the strategy. Interviewee no 2 states:

Through this method called balance scorecard, wherein you know we are ensuring that the lowest level engineer on the floor or the lowest level engineer in the field, who's interacting with the customer is as much aware of what we want to do, where we want to go, how are we going to go there, which has got vision and strategy as much as I am [...].

Participatory working culture should not be confounded with a culture in which employees contribute with all their ideas to the development of the company. In companies that identify as entrepreneurial, as relatively new and still in development, employees are expected to some extent to contribute with their ideas to the development and growth of the company. Usually, however, employees should participate rather in the sense of accepting the strategies that come from the top leadership level. It fits into the concept of adaptation to the company's working culture and alignment to the company's value system rather than being a part of a democratic or emancipated working culture. While some leaders talk about empowering employees, it does not allude to enabling them to realize themselves. Empowering refers much more to identifying potentials so that employees find their position in the functional differentiation of the company, in which it is believed they are able to contribute the best according to the company's goals.

Working culture: system-orientation in conflict with other issues. In most companies, system-orientation is one of the key concepts. System-orientation refers to a systematized approach to managing, controlling, and documenting activities in companies. Most emphasis has been put on financial and HR monitoring, hardly on internal processes. Thus, for example employees are recruited, trained, and rewarded on basis of standardized systems. In several, yet by no means all, companies, management tools such as the Balanced Scorecard¹⁰³ are used to ensure that the strategies created by the management are carried on throughout all levels in a systematized way. The use of such tools is emphasized in this ethos; it accentuates the system orientation, in which performance and adherence to the system can be tracked numerically. Furthermore, systematization is a symbolic step away from an attitude towards work formed by personal relations and behavior. There has been a shift towards institutionalizing the supervision from a personal observation and punishment at

least at explicit level. The functional differentiation into departments and divisions in most companies in addition to the focus on the HR department shifts the supervision to the systems as opposed to the leader. There is a differentiation towards the earlier personal supervision by the leader, which is perceived as outdated by most. In the Mahajan ethos, the personal supervision is rather perceived as not manageable due to the various departments and too many people to oversee. Moreover, the system comes with the deep belief ingrained that as long as people stuck to the framework, it guarantees a protection from wrongdoings.

System-orientation as professionalization. System-orientation is considered to be an indicator for professionalization. In the Mahajan ethos, professionalization is mainly considered to be indicated by a functionally differentiated organizational structure, in which the stronghold of the family is balanced by various departments led by professionals. In the more recently founded companies, the family ownership of the companies has not been a major issue for debate. Their identity is moreover not built on being a family business. When leaders are aware of the lack of formality in their companies, they stress the professionalism in their companies considered as computerized systems and regulated procedures on various performances one can numerically measure and monitor.

They consider their working culture themselves as “semi-professional”. What is considered as unprofessional particularly are the short and personal ways between employees and bosses. There is a conflict between a less personal relation within the company and having certain non-standardized manners of communication. In companies that value the working culture less, there are more informal relationships. This conflict becomes more obvious in relation to the demand in innovative ideas in the participatory working culture, which I will address in the following section.

¹⁰³Balanced Scorecard is a management strategy tool to control and monitor activities within the framework of an overall strategy of the company.

Innovative ideas demand flexibility and personal approachability. In several companies, however, next to the systematization there is flexibility, which is assumed to be needed in times of growth to take into account necessary innovation in ideas. The most forward example for a participatory culture in which flexibility is highly valued, can be found in the following interview excerpt by interviewee no 13:

Basically, we are an informal company. We encourage the people with the new ideas....new things. There is a structure, there is a system, there is a process. But it is not fix. We have to work under this system or this process. You have something new or something else you can bring to any level. If your next boss, next boss is not understanding, go to the next, the next is not, go to up to MD or chairmen level. Always our door is open. We're a very informal culture, systems and we always encourage the young people for their new ideas, new things. And we always respect. We always give them a platform to speak.

Flexibility is needed in this ethos as situations arise that cannot be solved within the standardized processes. When a subordinate is unable to solve a task, other employees contribute to finding the solution.

Interviewee no 11 even goes further than other interviewees regarding this as particularly Indian, potentially opposing it to alleged standards from the Global North suggesting professionalization:

So, culture, I think it's an Indian company. It's not, it's not a multinational, it's Indian company. It's not that, it's not that the boss is not approachable. If there's a problem even an assistant can approach the MD, it's not that I'm not approachable. So, it's not here. They know that if there's a problem, I'm approachable. [...] the culture is very simple. It's a simple format. I'm available. I'm not available for every small thing, but I'm available if there is, if the people are not doing the job.

However, there are still companies that in this regard are situated in the Mahajan socioculture, in which personal relationships towards employees are more pronounced. While I stay away from generalizations, there is a connection between the working culture and the leader. When the culture is lacking, paternalistic relationships are prevalent, in which personal caretaking and more authoritarian attitude towards employees are given space, particularly towards lower and mid-level employees. While in the following interview excerpt, there are no paternalistic attitudes visible, unlike in other parts, the response on the question on how the working culture functions entails a focus rather on personal relations than on systematized processes, which had been a feature of the neoliberal ethos. Interviewee no 10's company was founded in early economic liberalization, it is built in a traditional industrial sector with a huge number of blue-collar workers and few highly skilled employees:

See it's a routine matter in the sense that we, when we talk about employee to employee, then this is basically a tie up with the general manager level. [...] There are hardly any time, or once or twice in a year, when all the board is there and the employees are there. Because we are, at the moment we are having almost sixteen hundred employees and we can't meet it [...]. But during Diwali, which is a very special day for us, next day will meet everybody. Something has to be given, some sweet or some money is been given by the management, top management. So, we sat all together and everybody comes and greet each other. We take a food and all. [...].

Thus, in contrast to the interview excerpt above, the neoliberal ethos argues for personal approachability to solve business related issues, as opposed to the welfare of employees and the concomitant paternalistic attitude.

Entrepreneurial employees and systematized checks-and-balances. Working in present times in the companies demands more self-initiative as there are too many

departments and several tasks need to be achieved in team work. A leader or a boss cannot possibly personally supervise all these tasks. There is the attitude, not only in the neoliberal ethos, but all over the ethoi, that employees need a systematized framework that limits their freedom though. However, the monitoring is strongest in the Mahajan ethos at explicit level, arguing for checks-and-balances, so that the company remains governed by a systematic order guaranteeing less risk. However, this is also the case in industries that are highly regulated in the neoliberal ethos. Relying on trust in employees would be insufficient, as the stakes are too high.

Thus, the notion of the self-initiative and self-organized employee does not allude to the context of having a truly participatory or even democratic working culture and organizational structure, but rather delegating and giving them space executing their tasks, particularly in highly regulated industries.

Whereas one group demands from their employees more input and innovation in ideas, mostly the self-initiation refers to execute the tasks given without further personal supervision. In highly regulated industries such as pharmaceuticals, limiting employees' freedom is considered to be part of these strict regulations. A particular concern is corruption and bribery, which I addressed in the first subchapter on transparency and loyalty. Thus, honesty in employees is one of the major values requested. Interviewee no 17 narrates:

It has many multiple levels of regulation. So, when you are a very highly regulated industry like pharmaceuticals, then you are not a person who can do on your own and things you have done and what you need to do. You need to touch with multiple points or multiple interactions, in order to achieve a certain decided goal. So, I think that's what we look at it. That as long as people are accountable, and they can work with people to achieve a common goal, that's what we look at and most importantly they all

have to be honest. [...] you can find dishonesty and people taking money, bribes, but I think we are very, very strict on that.

Yet, honesty is not the only concern that demands systematization. Connected to honesty is loyalty in employees to the company.

System-orientation versus trust to maintain loyalty.

In the section on values and ethics in business in the first subchapter, trust has been mentioned to balance out a lack of systems in place in the neoliberal ethos. Thus, where systems and procedures are not completely in place to prevent employees to deviate in their behavior from what companies expect, trust is expected to bridge that gap. Mainly, trust is necessary to balance out non-functioning systems.

Loyalty of employees to the company is one of the major issues for companies. Thus, even though companies emphasize the systems implemented being a necessary resource in dealing with customers, the implementation of the systems appears to be fragile. Employees tend to operate less within the system. Thus, the system is not perceived to be strict enough to prevent employees causing harm to the company.

When asked for specific Indian values, interviewee 2 states that trust within the company is demanded in India, particularly because of the lack of systems and procedures that could prevent unethical behavior:

So, one I say trust and the other part of the trust is honesty, I'm repeating. I said this earlier, and I'm repeating that because we are still not those formal organizations uh organization where every system is in place, every check-and-balance is in place, so, employees if they're doing anything wrong uhm will get caught somewhere, you know they'll-they'll that's the system Germany and the US operate. But here, there-there, because the whole system is uh the whole company is not so much system-oriented, you know uh procedure-oriented uh checks-and-balance-oriented, the whole thing is

operating on trust and therefore, there are lot of places, if somebody wants to do something wrong, they can do something wrong, right? And therefore, uhm the-the value system-the question is value system, right?

There is the underlying belief that business running on systems and standardized procedures would erase harmful behavior. Sharing the strategy and vision would lead to values which existed in everyone, preventing unethical behavior. In such a scenario, trust is the substitute for the lack of working systems. However, trust is not perceived in a negative manner as a mere substitute, not being as good as functioning systems. Trust that allegedly exists is perceived as advancement from earlier times. Earlier management styles, and particularly leadership styles, were characterized by authoritarianism, power-centrism, mistrust, and giving orders. While earlier systems trusted people, it is perceived to be only few people at the apex of power around the leader. In previous management styles, trust had existed, yet it accounted only to few people, whereas in the neoliberal ethos, trust is expanded to more people, ideally to all employees.

Checks-and-balances versus trust. However, while trust is considered to be a lack in systems per se, there is nevertheless the implicit fear that without the right checks-and-balances, employees' behavior could become compromised. While trust is perceived as development as it is extended to more people, there is also the fear that granting a higher amount of freedom to employees entailed dishonesty and unethical behavior. Thus, while the idea of more freedom to employees appears necessary due to the more differentiated division of labor and the entrepreneurial aspects of taking risks, or showing self-initiation, the need is perceived concomitantly to limit this freedom. Systems are even perceived to prevent the entrepreneurial aspects of the working style. Thus, the dilemma between flexibility and system-orientation fosters trust. Risk-taking should not be punished. Trust bears the notion of not being punished –be it by the system or a person - for every initiative the employee is

willing to take. In this matter, trust is still needed as employees are suspected to potentially misbehave. However, systems are still needed, as trust would not be sufficient. Interviewee no 14 states when asked to tell the values in the company that trust next to the display of initiative is the major value:

People won't taking some risks even if they were to fail and the system won't punish them if they've taken an initiative with a good intention. Now you have to balance this out with a risk framework. And you have to make sure that the governance is not compromised, but your large part of your personality is entrepreneurial, initiative, energy lead. And therefore, there is a lot of uh faith and trust in people and they can take, uh as I said, initiatives, which they think that are in the interest of the organization. Then we are also a very participative organization, where people can very freely give their ideas if they feel very strongly about a particular issue.

While freedom given to employees goes along with the fear that employees breached the trust, their freedom should be limited.

Family. In comparison to the Mahajan ethos, family appears to play an insignificant role in the neoliberal ethos. Nonetheless, family businesses are still predominant in India, which I established in the preceding chapter. Companies in the most recent socioculture had been founded most recently compared with the other sociocultures and cannot look back on a long business tradition in the family. Whereas, obviously, family plays an insignificant role for public sector companies, families play a major role in the oldest socioculture.

It becomes known throughout the interviews that the companies or groups are founded and owned by the family. Moreover, the positions of CEO and MD, or even sometimes other similar high management positions are held by the family. Yet, there is already initially a great difference to the established companies from the Mahajan

socioculture: the social status of the family is not the basis for the identity of the company.

Nonetheless, family is crucial for various reasons.

Family as human, knowledge, and financial resource. Family works in the background as a backbone for business since the top levels are recruited from within the family. Yet, family remains rather implicit in the contemporary socioculture. Other factors are more important to the company, the leader, employees, and the overall working culture.

However, family is not completely irrelevant to this socioculture. There has been a discrepancy between families in the *Mahajan socioculture*, who can look back on a long tradition in their businesses as well as concomitant contacts and networks for financial resources to the families in the neoliberal socioculture. While the latter had not possessed a huge amount of money, knowledge on business, contacts when they founded their company, they nonetheless could draw back on some financial support within their family considering that they come from a nonetheless more privileged background than the average Indian citizen. Interestingly, for one interviewee family played no significance for their business as the family could not provide him with education, or financial, or any other support. He even gives an account of the fragile support situation in the early days. Thus, family refers also to being member of a community. In his case, it was atypical to start a business. Interviewee no 8 states:

I belong to a non-business family, non-business community. This hardly you'll find from my community doing business in India or elsewhere. We are generally considered to be a highly literate caste of the country, but we do not do any business. For the role of the family this means while the family is not directly involved or established in business, they bear the role of the private support system, which they can hardly fulfill in this case.

Family as control measure against stakeholders. While the social status of the family is not in the center of the narrations, family is a crucial resource for interviewees as mostly the company or group is run and owned by the family. The shareholding pattern of the company needs to be in favor of the family business so that they possess considerable control over the company instead of other stakeholders being able to exert influence.

Nonetheless, while almost all companies in the private sector in this research are family businesses, there is an effort to distinguish the company from the notion of the family business as unprofessional. Here, it becomes clear which values are central to this socioculture: self-starting, hard-work, commitment and dedication.

Family is not the identity of the company, values are. Whereas in the Mahajan ethos, family and its reputation is crucial for conducting business, in the contemporary ethos, family has lost its significance for reputation. Nonetheless, almost all private sector companies are family-owned and managed companies or groups. Family is hardly mentioned in the neoliberal ethos. In opposite to the Mahajan ethos, in which family is part of the business' identity, in the neoliberal ethos the identity is built on having recently founded the business. Thus, the success of the company is attributed to hard work, self-starter capabilities, perseverance, or adapt to the economic environment to find a niche to work in.

Family, as I have established, was strongest in the Mahajan ethos and socioculture. Another significant feature of that was values, ethics and philanthropy. In the following I address the relatively lack of significance of CSR in the neoliberal socioculture. The interconnection between social and economic motives in the Nehruvian socioculture I presented in the previous subchapter.

Little priority of CSR in neoliberal socioculture. First of all, CSR is not part of the core of companies. Whereas leaders in the Mahajan socioculture argued for the continuance of philanthropy under the name of CSR, as they maintained their activities, CSR in the

neoliberal socioculture is of little significance. CSR is not part of the core of business, part of a social reputation needed for credit taking. While in the Mahajan socioculture the head of the family is majorly responsible for these activities, even though not manually, in the neoliberal socioculture, the HR or CSR departments, thus, one of many departments in the company, are in charge of CSR.

The near neglect of priority of philanthropic activities in the neoliberal socioculture needs to be considered in context with the restricted economy. The restricted economy had already had its effect on the role of the state lay in providing charity for the citizen. Most private business began valuing charity and philanthropy less. Government was perceived to be responsible to solve social shortcomings, also because of the high taxes, intended to balance out wealth disparities, collected by the state. Thus, being involved in public charities or civic affairs declined in its attractiveness for the new business entrants. Furthermore, foreign aid funds contributed to the reluctant support of industrialists to philanthropic activities. Moreover, several established business houses vanished who upheld traditions in charity and philanthropy for the poor and underprivileged.

Nonetheless, while these traditions persisted in what I had reconstructed as Mahajan socioculture, a new concept appeared: Corporate Social Responsibility (CSR). CSR can broadly be defined as “the ethical behavior of companies towards society” (Sundar, 2013, p. 34). However, the state began shifting priority to CSR not until 2009 with the *Corporate Social Responsibility Voluntary Guidelines* by the Ministry of Corporate Affairs (Sarkar & Sarkar, 2015). Prior to this, SEBI required its top 100 listed companies to mandatorily disclose their CSR activities in the Business Responsibility reports accompanying the Annual Reports. Thus, this was intended to be part of *Corporate Governance*. The Companies Act of 2013 further made CSR mandatory for companies based on pre-specific criteria. India became even the first country in the world to include CSR spending and disclosure in the law

(Sarkar & Sarkar, 2015).¹⁰⁴ At the time of the interviews, the law was about to be enacted, yet the spending had not been mandatory in the previous years.

While there were very few explicit, there were none implicit, references to including stakeholders in the companies. Interviewee no 5 is rather the exception in the neoliberal socioculture using stakeholder inclusion rather as symbolic capital as part of business ethics to attract shareholders. When being asked to tell about the values and ethics in the company, he argues:

Hm. Uh [thinks for several seconds] first and foremost uh uh I insist uh that uh we-we uh run the company with as much transparency and honesty as possible. That's the first fundamental thing. Uh [pauses shortly] we also uh believe that we should strongly take care of all our stakeholders, that it's not only the shareholders, but all the employees in the company and also the community. And uh we are taking some initiatives to do that. Third thing is we believe that uh we should be an honest tax payer for any growth. So, [pauses shortly] as for our customers and market's base is concern, I think we should very-I believe in-company believes we should be very close to our customers...to understand their needs and to see that we're catering to them correctly. And uh OK I'm not going to tell you my mission statement uh [laughs]. This is uh where we are driving the company.

As this is part of the mission statement, this is part of the explicit level used to heighten the value of the company towards shareholders. Such activities had not been mentioned before or were part of any other narration throughout the interviews. Including stakeholders in CSR had been raised in the aftermath of the economic opening. Ideas of CSR came up as involving

¹⁰⁴ With the enactment of Section 135 in the Companies Act of 2013, from April 2014 companies needed to spend 2 percent of their net profit on CSR activities and need to disclose them in their annual reports. Only companies with annual revenue of over 10 billion rupees are obliged to do so. There is no focus included in law on which activities the money must be spent on and how effective the activities are. Moreover, there is criticism that companies have cut back their costs to 2 percent when they had previously spent more, or even find loopholes in the system to evade the spending, see Balch (2016).

diverse stakeholders such as employees, customers, surrounding communities, next to obviously shareholders to increase a company's reputation and finally its success (Bhaduri & Selarka, 2016).

Education. When it comes to education, there are two camps in the neoliberal ethos: employees and leaders. While employees do need to possess a certain level of technological or managerial skills, leaders' educational attainments are less likely to be focused on. However, due to technological and managerial requirements, there has been an interest to have a higher level in education (more MBA than BA) and degrees from abroad (rather US than UK). Nonetheless, both should not be overestimated: the majority graduated nationally, and not at a prestigious institution. This is congruent with findings on the educational attainments of Indian business elites at national level and the respective academic degree abroad (Schneickert, 2015). Yet, this is in marked contrast to the Nehruvian socioculture, in which the leaders' identity centers on their educational achievements and training. However, there is an interesting case in the neoliberal socioculture of an interviewee that has an exceptionally high educational degree at a prestigious university in the US. For his identity his educational achievements are important. Nonetheless, also in this example the family is rather against pursuing the degree further as it contributes little to the business. Having returned home after his degree joining business, he ran through the same procedures as others. He shares this narration the value of meritocracy with the socioculture. In the Mahajan socioculture, there is an increase in value for institutionalized cultural capital: the next generation, as I mentioned in this chapter before, possesses degrees from more prestigious US universities. Yet, in contrast to the Nehruvian socioculture or the before mentioned leader, education is not portrayed as a value. The symbolic capital of possessing such as title refers to the high volume in capital as it is not eligible to everyone.

Common Issues

Of course, the capitalist ethos is one ethos. Thus, despite the differences between the ethoi due to the institutions, practices, and values of the sociocultures, there are also similarities as I have shown throughout this chapter. I would like to end this chapter with two issues that are quite similar and to some extent connected. Starting with the issue of global business and how leaders react to the changes, I will show that uncertainty and risk exist, with slight differences in attitudes. Yet, there is an overall acceptance and optimistic outlook to global business apart from the objective rather weak position of the economy in the global economic order. This is what Bourdieu refers to as *social ageing*, the adjustment of aspirations to the conditions. Further, I would like to address the issue of shareholders. In the previous chapter, I have pointed to the fact that Indian companies and also the majority in the sample, are owners of their companies or groups. Throughout the empirical chapter I have marked the difficulties arising from the influence of shareholders in companies. Thus, in times of global capitalism and finance capitalism, I would like to take the time and summarize the significance of shareholders on the capitalist ethos, also due to the debate on whether finance capitalism has brought change to managers (Willmott, 2013).

Global business. Irrespective of the ethos, global business brings uncertainty and risk to Gujarati companies. In general, there is an optimistic attitude towards conducting global business. The relatively weak position in the global economic order is accepted, not problematized. The Mahajan ethos perceives risk-taking capabilities most crucial as they concomitantly perceive most risk in the global economy. The aspirations to become a global player are increasing, yet the majority has adjusted their aspirations to their respective position in the global economy. Yet, there appears to be a growing aspiration particularly in leaders mostly in the neoliberal socioculture in niche markets.

Uncertainty in the Global Economy: aligning to increased competition. The term *global business* was coined by me in the interviews. I am aware that it is a rather vague term intended to evoke a broad range of connotations and narrations. It entails the incorporation into the global economy, which all industrial businesses face due to the competition of multinational companies in the domestic market, as well as offering their goods - and only to some extent services in the case of Gujarat – in other countries in the global economy. Some of the companies have set up manufacturing plants in a second country, some have had joint ventures with companies from the Global North, yet none of the companies in Gujarat can be identified as multinational companies themselves, thus owning and controlling organizations in several other countries. Thus, when talking about global business in Gujarat companies, it refers mostly to exporting goods or products to customers all over the globe, hardly having set a foot in manufacturing in other countries yet. However, the contact with customers from other countries is relatively high. The incorporation of the Indian economy into the global one has brought benefits to companies in Gujarat.

Uncertainty versus risk. The neoliberal socioculture is familiar with the uncertainty that the integration in the global economy entails. However, there is an optimistic attitude towards the competition in the global market. First of all, I seek to point to two different settings in which risk or uncertainty might appear: either the competition in the global economy can be understood as an environment that brings risks or uncertainty to business. Secondly, as employees are expected to bear more responsibilities and possess more freedom in doing work less depending on orders of their bosses, there is the possibility, the risk, that their work is not congruent with implicit expectations of the leaders. Employees might work not to the satisfaction of their bosses. Risk in the global environment sense is mostly found in the Mahajan socioculture at the explicit level to be demanded in leaders. Uncertainty in that sense was reconstructed in the neoliberal socioculture. I refer to uncertainty in opposite to

risk as a rather non-threatening notion of risk, of a changing situation, in which one cannot be prepared for. Uncertainty might be understood as non-capitalist opposed to risk, which is the rationalized and calculable approach to uncertainty (Knight, 2014), which is a notion I would like to leave aside. Coming back to my notion: risk in the latter sense was reconstructed in the neoliberal socioculture. Here, employees receive more freedom when they take over more responsibilities. At this point, I would like to focus on the former. In the neoliberal socioculture, while there is hardly any talk about risk-taking capabilities in leaders particularly in the connection towards the integration in the global economy, there is implicit uncertainty. Without a doubt the integration into the global economic order brings increasing competition (Tripathi & Jumani, 2013). However, the attitude, the reaction towards this changing environment makes the difference.

Alignment to global competition. The integration in the global economy has led to an alignment to competition and risk. Indian businessmen in the neoliberal socioculture are simultaneously optimistic about global business as well as driven by the competition to constantly perform cost effectiveness. While they do share an optimistic outlook as entrepreneurs in business, they feel the pressure to be on a par with conditions at global level. The incorporation into the global economy demands not only to stick to the aim of cost effectiveness, but also to pursue growth and expansion. However, in contrast to the Mahajan socioculture, risk -or to be more precise uncertainty - is not too often explicitly mentioned and appears to have been accepted. Leaders got accustomed to it. This love of the forced choices of social conditions, as there is no escape for leaders to integrate into the global economy, is what Bourdieu refers to as *amor fati*. The competition and therefore increased pressure associated with the integration into the global economy appears less as friction in business leaders' view of life.

Like the Nehruvian ethos, the integration into the global economic order is perceived in an optimistic manner. Leaders believe that there is an opportunity. Moreover, competition is considered as a force that companies need to align to. The competition is not on quality, but on keeping the costs at a minimum. Interviewee no 6 suggests: “Global business is needed. It is no more a choice”. A particularity of PSEs is that they feel more pressure to offer commodities at a low price to the customer as they possess a certain obligation. Thus, the global competition increased the pressure. However, interviewee no 12 states optimistically: “We’re standing up to the challenge”. “But there is a tough competition from Europe and China [...] But still we’ve been able to maintain our market leadership in India.”

Connected to the aspirations for global business is the belief that companies need to expand and grow. He continues that when the company grew in size in the same area, they could spread the export market such as Europe, Africa, USA. “There are no more limitations to India”. While leaders have different strategies in aligning to the competition such as cross-financing, or “harder work in production, operations and marketing”, they nonetheless have accustomed to the competition. Despite the stability the public sector used to offer, the integration into the global economic order had brought a faster changing business environment. Thus, leaders needed to react towards changes faster. Similarly to the other ethoi, risk was perceived by the leaders with the consequence that there was a need felt to establish system to mitigate risk. Remarkably, the risk-taking capabilities had not been in the center of narrations in the interviews in contrast to the Mahajan ethos.

In the Mahajan ethos, the environment is characterized by increased competition and news demands such as providing good quality or offering low prices while still being profitable. If they fail to align to this competition, their companies might perish. According to this perception, there is no possibility to avoid that competition; the conditions force companies to align. Thus, cost effectiveness is portrayed as automatic or logical calculation

as one of the ultimate goals in business, stronger than any other influence. Concomitantly to the perceived great pressure is the extraordinary focus on risk-taking capability of leaders that I had addressed in the respective section in the subchapter. There is a friction between their attitude and the changing environment. They have difficulties in keeping track due to the temporal lag in their ethos, the *hysteresis effect*.

Reaction towards global competition: acceptance of uncertainty. Uncertainty in the global economy exists, yet it is not considered to be the ultimate threat, or scary. Apart from the competition, there are economic crises that are part of the global economy. There is no possibility, again, to avoid them or to influence these circumstances. When asked by the interviewer about the learnings from economic crises, interviewee no 11 states:

Uh you know you're not supposed to-you know you're not supposed to speculate, you're not supposed to uh be over board in some kind of positions. You're not supposed-you're-you're supposed to cover imports x percentage or your exports only this much percentages. So, you have to be careful. Because these crises are going to come. They're not going to tell you and come. You have a Lehman brother problem, you have this problem, you know world is so big and you're-you're in a country-you're-you're not in China, right, where you're not affected with any crisis. You're in a country where every crisis is going to have some impact on you. So you have to be careful with each crisis. You have to be prepared for another crisis. I don't think any crisis is because of the Indian factor. It's all the global factors. So you know it's-it come-it comes, it'll last for some time, it goes away, things get normalized. So I think it's OK. It's not something uh we need to be really afraid of. But you need to be careful about it.

For market leaders in their niche and companies with little competition generally, the growth and expansion in the market is perceived more positive than the challenges arising

from the fast changing economic, but also political environment, in which policies keep changing and technology needs to be adapted. The industry depends on the growth of other industries domestic as well as international, mostly other countries with high growth rates in the Global South. Even though companies were affected by the world economic crisis of 2007-8, India's domestic economic market continued less harmed, from which companies profited (Directorate of Economics and Statistics, 2017). This experience has contributed to the positive outlook on business. Interviewee no 5 sees no disturbances at all, due to being in a niche market with little to no competition. So, when interviewee no 5 is asked to talk about doing global business, he responds:

Very nice, very nice, very-very nice. Uh uhm we are in a niche market, we are not Tatas and Birlas or uh we are not a company like G [cannot understand], but uh I think it's nice to be a dominant player in your own field.

When asked again by the interviewer to talk about the experience with the world's economic crisis, he narrates:

We are not affected. And uh one of the reasons was that we diversified very quickly. Being a flat organization that was very easy to diversify into mining business and various other geographics. So, phew there was a temporary pause, but otherwise I think....we did not go a very rapid expansion for the last three, four year because of that reasons. Taking everyone...what's happening. But otherwise I think not so much of hectic.

More positive are leaders of companies in their niche market as world leaders in their respective part of the industry or generally little competition. They perceive the step into fully becoming a global company as logical in their business' development, not as a worrying issue or a force they have to subdue to. Interviewee no 13 narrates about the difference of his generation against earlier ones in business:

People's business and managements are always-there is no right or there is no wrong. But in the new generation, in the new system, one is that thinking big. Globalization vision. Going to out of India. There are now investment in next five years-whatever we investment India, same-more than fifty percent next five years we want to invest outside India. So, to think this kind of globalization vision, going out of India, invest here, understanding their country, understanding their culture, mix their people with our culture uh that is not there earlier. Because earlier there is a lot of opportunity available in India also. Today also in India there is opportunity, but now after nineteen ninety globalization in India has started-globalization. And people are thinking more not in there is a one platform, world is a one platform. And you have to go both the side.

While the previous interview excerpt is extremely positive in the outlook, the general attitude is limited to the resources of India's economy. However, there is more venturing than in the Mahajan socioculture. Thus, the global capitalism has reconfigured the embodied entrepreneurial attitude. One could expect to be a global player, yet this is gradually changing.

However, due to the limited resources businesses are situated in the Indian economy with a relatively weaker position in the global economic order, business leaders' aspirations are adjusted to the conditions with certain content in the socioculture that their wishes and dreams are what they wanted from the beginning. This is what Bourdieu refers to as *social ageing*: Even before the adjusting, there is an acceptance of the aspirations to the social conditions. Thus, instead of aspirations to pursue global expansion to the full extent, there is a certain acceptance of the social facts of the limited resources of India, thus not the failure of just one.

Shareholders' influence. In general, companies are owned by the family or the government of Gujarat in this sample. Thus, majorly shareholdings or credits were neither implicitly nor explicitly discussed. However, in the case of not being listed, leaders would emphasize the fact. Yet, there are deviations from the norm of being successful and not limited by external influences. In every socioculture, there are companies which have or had experienced financial struggles. The financial difficulties in the public sector were not addressed, yet the outcome had been: the high percentage of shareholders. Not only shareholders, but also creditors could influence companies. Yet, there was just one company that had addressed the issue of credits, where the company had been perceived as less powerful. In that case, there was a lot of conflict between the leader in dealing with the terms of the banks. Leaders in companies with a high percentage of external shareholders had used a lot of similar concepts at explicit level, whether Mahajan or Nehruvian socioculture. It was mostly about focus on employees, visionary leaders creating a culture with their strategy and motivating employees. Employees would be monitored according to systematized HR and their performance linked to the performance of the company. The interviewee of the company and the involvement of creditors showed no assimilation to these explicitly named concepts. Apart from that, as I had shown, there had been fractions between the explicit statements and the argumentation based on the respective socioculture. Sticking to business ethics appears mostly crucial to convey a professional image to shareholders. Among the business ethics that are present are Corporate Governance, Accountability, and Transparency. Mostly, the latter is used in companies, also irrespective of the high amount of shareholders. Corporate Governance is less stated and accountability almost not at all. Yet, the notions in the respective ethoi are different to the explicit statements as I had shown in this chapter.

Discussion and Conclusion

After having analyzed the three sociocultures and the concomitant three ethoi in detail in the preceding chapter, I shortly present the main findings in relation to each other.

My main research interest was based upon the considerations from the literature review and the state of the art to explain the asynchronicity of elements in the capitalist spirit. I argued that there is no homogeneous capitalist spirit, yet it possesses certain concepts that appear similar bearing different notions. Particularly the chapter on the three ethoi demonstrated the different interpretations and meanings of concepts in the capitalist spirit. The capitalist spirit is understood as capitalist ethos arguing for mediation between socioeconomic context and embodied morality, thereby incorporating history.

Revisiting the Research Questions

My research question: **How did the capitalist ethos emerged in the business elite in Gujarat?** led to two endeavors connected to each other. Following the documentary method, I first reconstructed three capitalist ethoi. Central institutions were taken then from the reconstruction and enriched by secondary literature to give a detailed account of the historical origins. I showed in the empirical chapter on the capitalist ethoi, that although differences between them exist, there are overlaps as global capitalism poses similar demands to them such as being active and dynamic, which accounts to everyone.

To illustrate the findings and their relevance for theories and other studies I will first present main findings on the capitalist ethoi and the rootedness in the sociocultures. Secondly, I will demonstrate how the findings contribute to theories on culture and globalization and studies on the capitalist spirit.

Findings

One of the main findings from this study results from the reconstruction of the capitalist ethoi, which showed that there is not one all-encompassing capitalist spirit in the

business elite in Gujarat. However, the differences should not evoke the wrong image either of a completely fractured capitalist spirit. I have shown the similarities and sometimes fuzzy borders between the ethoi. The documentary method not only allows, but it expects these overlaps (Bohnsack, 2010).

First, this research shows that the capitalist ethos emerged within a certain socio-historical context. Secondly, depending on the persisting institutions and practices of a socioculture, the capitalist spirit gains different meaning. The capitalist spirit entails all these interpretations. There are certain external factors that are the same for the entire big business such as systems and standardized procedures in business, the demand for active persons, or a relatively weak position within the global economic order. Yet, the respective interpretation varies.

First, I address the socio-historical context informing the capitalist ethos. I referred to this context as sociocultures. I reconstructed three sociocultures that emerged under British colonialism and industrialization (1850-1947), the restricted economy (1947-1991), and economic liberalization (from 1991). They inform what I call the Mahajan ethos, the Nehruvian ethos, and the Neoliberal ethos, respectively, which are the three interpretations of the capitalist spirit. They are all reworked by global capitalism, which had not led to the same outcome as the persisting institutions and practices have not been completely transformed overwriting previous structures.

In the following, I take the Nehruvian ethos as example for the persistence of institutions and practices reworked by global capitalism.

The persistence of the nation state in the public sector is strong, which has created clear differences between the Nehruvian ethos and the two others. The division into public and private sector as institution has persisted, even though the integration into the global economic order has brought alterations. Increasing privatization brings the influence of

shareholders emphasizing financial performance instead of the earlier focus on social along with economic motives. Moreover, the nation state established the close relation between bureaucratic structure and organizational structure with clear divisions and education as basis for positions instead of family membership.

One example for changes with the integration into the global economy is systematization and standardized procedures, which are demanded. However, the sociocultures interpret systematization differently. Here the ethos comes into play when changes are introduced. The implementation of systems that are also demanded in the public sector companies hardly led to a friction in the ethos as the internalized rigid bureaucratic structure is in congruence with systemization.

In the Mahajan or the neoliberal socioculture, lacking the strict bureaucratic – internalized - organizational structure, there is more emphasis on personal relations including paternalistic welfare, or personal approachability, respectively. Thus, on basis of the persisting stronghold of family and personal welfare, systematization gains a different meaning. The implementation of systems, particularly in the Mahajan socioculture, clashes with the paternalistic attitude of personal monitoring and supervision. When leaders explicitly praise the systems installed in their companies, they do so in accordance with the need to showcase this feature for shareholders and customers. However, as their ethos is not congruent with the changing environment, it comes to a diverging interpretation, in which systems are perceived in a negative manner. Their own internalized structures, in which personal welfare is prevalent, is preferred over systematization. In this manner, systems are considered to be rigid and ruthless, obeying numbers over people opposed to the more personal realm, which is perceived as humane: warm and caring. Thus, while the integration into the global economy demands more systematization in companies, the ethos experiences friction with the adaptation to the changed economic environment. The values are too

discordant, so the inertia of the ethos led to an inner conflict. Bourdieu refers to this sluggish adaptation of the internal dispositions to the new position as hysteresis effect (Bourdieu, 1997 [1977], pp. 78–79).

Yet, also in the neoliberal socioculture tensions could be reconstructed between systems installed in the companies and more personal supervision. There were frictions between the demand of being more innovative and having room for finding solutions apart from the trodden path to the systematization that is perceived to leave no room for that. Thus, adaptability to the scarce resources conflicts with the demand for systematization.

Nonetheless, the latter finding should not be confounded with an essentialization of cultural values (Appadurai, 1988; Gupta, 1992; Heredia, 2000; Srinivas, 1976). Ethos has on one side internalized this socio-historical structure shaped by the need to deal with and adapt to conditions with scarce resources. While external economic environments might have changed in several respects, the Indian economy is still in a relatively weaker position as the goods produced and the service offered do not belong to the top level in the symbolic hierarchy in the global economic order as I had shown in the beginning of the chapter on the sociocultures. Thus, there is little room for Gujarati business to be able to make demands, to set the rules of the game. Hence, I argued that adaptability is not a quintessential Indian virtue but informed by a continuous weak position in the global economic order.

In the following I present an argument for the socio-historical boundedness of the capitalist ethos showing that adaptability is interpreted differently and therefore not one unique Indian culture feature. I turn again to the Nehruvian socioculture with the persistence of the state. Public sector companies in the Nehruvian socioculture are less exposed to the global economy as they are guided and protected by the state. They still operate primarily in the domestic economy in a situation providing low prices in essential goods to citizens. However, these companies face increasing privatization and calls for business in the global

economy depending on the sector to improve financial performance. However, in the Nehruvian socioculture, there is still little to no adaptability in employees or leaders. Moreover, the strict organizational structure demands more executing characteristics than creative work-around-solutions that are rather typical for the neoliberal ethos.

In the neoliberal ethos, there is more congruency between the ethos and the environment shaped by the integration into the global economy characterized by competition and quick changes. There is neither protection by the nation state as in the Nehruvian socioculture, nor the local business networks of the Mahajan socioculture. The Neoliberal socioculture has emerged with economic liberalization perceiving competition as opportunity rather than threat. In the Neoliberal ethos, the trait of risk-taking capabilities, which are overly demanded in the other ethos, has already been incorporated. There are fewer frictions in the narrations about competition and the fast-changing economic environment. In the Mahajan ethos, the integration into the global economic order is perceived as risk which leaders need to manage.

Furthermore, I showed that even though businessmen are generally optimistic about the future, they have adapted to some extent to their limited resources within the global economy. Despite striving to be global players, they restrict themselves to their niche industries. Thus, they adjust to the conditions with certain content that their wishes and dreams are what they wanted from the beginning. This is what Bourdieu refers to as *social ageing*: Even before the adjusting, there is an acceptance of the aspirations to the social conditions. Thus, instead of aspirations to pursue global expansion to the full extent, there is a certain acceptance of the social facts of the limited resources of India and a concomitant consent.

Referring to the alleged traditional value of adaptability, known as *jugaad* (Mankekar, 2013; Radjou et al., 2012), one can argue that business leaders in Gujarat have accepted the

scare conditions of their position in the global economy internalized in their ethos.

Unconsciously referring to the internalized ethos shows this love to fate, the Bourdieuan term of *amor fati* (1984, p. 244).

Global capitalism does not rework all part of the social structure and division of labor equally. An interesting example for, so to speak an institution, a feature of Indian capitalism is the surplus of workers. Narrations in the interviews hardly contained workers - or activities that are associated with - despite the almost obvious remark that without them, there would not be any capitalist activity. However, not one large-scale transformation has brought about real change in this realm. The lowest part in the division of labor and the social structure has majorly remained the same for centuries. While in the interviews, the workers are hardly mentioned, there are indications that similar characteristics in soft skills, or entrepreneurial traits or hard work are demanded. However, in more recent years politics has created skill development programs also targeting the unskilled workforce as India pursues to increase her status in the global economy (Nambia, 2013). Due to the rise of knowledge economies cheap labor lost its significance while sufficient knowledge and skills came into the spotlight (see Maclean et al., 2013).

Implications for Studies and Future Research

This study contributes to research on the capitalist spirit (Boltanski & Chiapello, 2005; Harriss, 2003; Singer, 1972a; Weber, 1992 [1904/5]), to theories on culture and globalization (Eisenstadt, 2000; Hannerz, 1987; Nederveen Pieterse, 1994; Robertson, 1995) as well as to analyses on the enterprise culture (Gooptu, 2013a). Lastly, my empirical research contributes to research on sociocultures (Rehbein, 2007).

First, I address my contribution to research on the capitalist spirit. This study adds to this body of research as I undertook qualitative interviews with business leaders opposed to incomplete empirical data gathered solely from secondary sources (Pohlmann & Lim, 2014).

This study shows that the explicit knowledge does not easily translate into tacit knowledge which is, based on theoretical considerations, expected to guide practical behavior (p. 54). Hence, explicit knowledge is interpreted differently in sociocultures, potentially also in different social groups, in different regions, countries, or transnational realms. Moreover, particularly addressing NSC (Boltanski & Chiapello, 2005), I have shown that critique is absorbed by the capitalist spirit when criticism is powerful enough as it is the case with pressure on elections with unsatisfied voters putting pressure on public sector companies to some extent. However, conclusions on this aspect are limited, as the role of critique was not central in my analysis, since I focused on the asynchronicity in the capitalist ethos.

Mostly, it becomes clear that the socio-historical environment is crucial for the emergence of the capitalist spirit, which needs to be taken into account for further studies. Moreover, the findings of the studies on the capitalist spirit in India (Harriss, 2003; Singer, 1972b) pointed to the problem of convergence of divergence due to alleged modernization and globalization. As these studies entailed implicitly modernization theory, these issues will be addressed in the following section.

Secondly, I will discuss my findings in relation to theories on culture and globalization (Eisenstadt, 2000; Hannerz, 1987; Nederveen Pieterse, 1994; Robertson, 1995). As I showed in the previous section cultural phenomena are neither purely traditional, nor purely modern, but hybrids. This finding is in congruence with the theories mentioned above. However, I have further shown that these hybrids emerge based on the socio-historic structure, thus the regional embedment.

In addition, I was able to show that there are variations within a society in their interpretation of changing environments such as the integration into the global economy and concomitant accompanying processes. Even though I studied the different interpretations of the capitalist spirit, and just occasionally hinted to the struggles within the business elite in

regard to the improvement of their resources, in Bourdieuan terms capital (Bourdieu, 1986), one might emphasize struggles on inequality or power within or even between societies more. This would contribute further to understanding how cultural phenomena as hybrids emerge.

As I showed that persisting institutions and practices in sociocultures inform different meanings of the capitalist ethos, this research adds to empirical research on sociocultures mainly undertaken in Laos (Rehbein, 2005, 2007, 2011). I showed that the concept of socioculture can be applied to societies or regions other than Laos, which invites further studies in other societies.

Finally, I seek to contribute to the studies on the enterprise culture (Gooptu, 2013a) as I chose a different region and a different social group. The findings might be compared with maximal contrast to other regions and social groups. This study can contribute to the analyses on the enterprise culture as it shows that concepts can only be interpreted on basis of the internalized structures and within the framework of persisting institutions. Thus, from this point I argue there are no revivals of traditions (Mankekar, 2013), but interpretations of concepts based on the sociocultures. The bigger the discordance between internalized structures and new environment created by a large-scale transformation, the more friction exists to interpret the concept; the more probable it is that there is a seemingly revival as the ethos incorporates history. Nonetheless, the concept - and its interpretation - is new as it emerges as a product of interpretation.

Limitations

The first point I will address concerns the sampling of research subjects for my study. My sample contains a quite narrow context of big industrial business leading to relatively little differences or contrasts. More diversity regarding the social groups and the social spheres might lead to greater distinctions between the ethoi. For a potential increase in contrasts, one might interview workers with low socio-economic background with the same

questionnaire as in this research, or a different region with less business tradition, or interviewing various social layers in the state of Gujarat yet on more general questions, asking for the expansion and interpretation of an enterprise culture. Analyzing similarities and differences between their capitalist ethos and that of the business elite would contribute to a more comprehensive account of the capitalist spirit in Gujarat.

Moreover, as I pointed out in the previous section. I was able to overcome the focus on secondary literature, yet I have not gained access to the practical level even though I accessed ethos theoretically assumed as tendency for possible action. Ethnographic studies could enrich my findings.

Another limitation might be the restriction to companies headquartered in Gujarat as companies with headquarters somewhere else might be identified as member of the business elite as well. As I asked in a second step according to the reputational method for companies not on the list, there was hardly any company named except for Reliance. Including Reliance therefore might have been a advisable, which I stay away from as getting access to the MD and CEO is extremely difficult and due to time constraints I was unable to do so.

Another limitation in this study was regarding the method as I was not able to audio record and transcribe interviews in the public sector, except for one interviewee who allowed me to do so despite the official restrictions. The documentary method works on the premise that only transcriptions of interviews are allowed as the interviewer might neglect several details otherwise. However, solutions would have been to either to exclude the interviews from the public sector, which would have led to deterred analysis, or audio recording the interviews without their consent, which is illegal, and I find against research ethics.

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Appendix A

Questionnaire

PART I:

1. Please, tell me about your life story.
2. Please, tell me more about ... [if issues remained unclear, yet named with emphasis]

PART II:

1. Tell me about your future.
2. Tell me about how you perceived Gujarat's path of economic development.
3. Tell me specifically about the economic development after 1991.
4. Tell me about today's business and how you perceive India's or Gujarat's economic future.
5. I'm here to talk to you as a corporate leader. Tell me more about your leadership qualities.
6. Tell me about the structure and the working style of your company.
7. Tell me about important values and ethics in your company.
8. Tell me about what you are looking for in a potential employee.
9. Tell me about previous management styles and business structure and how you perceived that.
10. Tell me about your experience with going global.
11. Tell me about the world's economic crisis and how you experienced that with your company.
12. Tell me about specific Indian values when it comes to business.
13. If you have hired a management consultant, tell me about your experience with that.

PART III:

1. Tell me about your opinion for business on:
 - networks,
 - team-orientation,
 - flexibility,
 - change,
 - adaptability,
 - self-organization in people
2. Do you think women/people from lower caste are able to do your job the same?
3. What do you think is more important in present Indian society: caste or class?

PART IV: Personal data

Gender Female ☐ Male ☐

Age _____

Place of birth _____

Occupation _____

Father's occupation _____

Highest educational degree _____

Monthly net income _____

Wealth (houses, cars) _____

Religion/caste _____

Knowledge of languages _____

How many persons live in your household? _____

Appendix B**Transcription guideline**

[cannot understand]	unintelligible utterance
...	three seconds break
I'm about-I'm a	overlap
[calls his secretary]	activities not directed towards the interviewer or noises
“xy company”	company name was stated, intended to be anonymized